

MONTANA

Legislative Fiscal Report 2015 Biennium

Volume 4—Agency Budgets

Natural Resources and Transportation - Section C
Judicial Branch, Law Enforcement and Justice - Section D
Education - Section E
Long-Range Planning - Section F



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Legislative
Fiscal Division

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Legislative Fiscal Report

2015 Biennium



Volume 4 – Agency Budgets

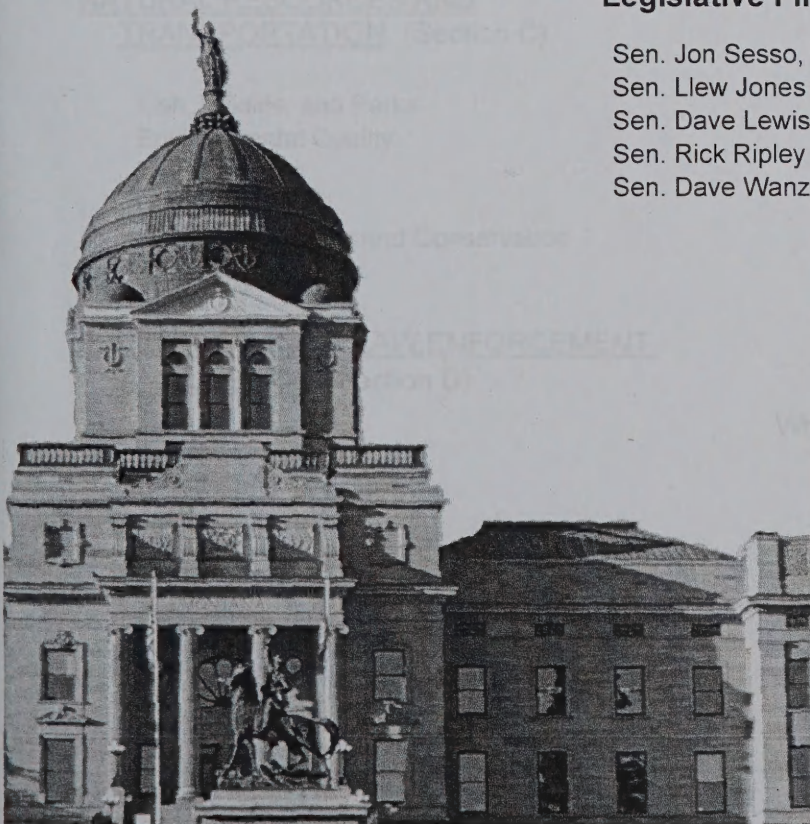
Presented to the Sixty - Third Legislature

Submitted by the
Legislative Fiscal Division

Amy Carlson, Legislative Fiscal Analyst

Legislative Finance Committee (2013 Session)

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Sen. Llew Jones	Rep. Rob Cook
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Legislative Fiscal Report

2015 Biennium

LEDA

Volume A - Agency Budgets

Presented to the Early Third Legislature

Submitted by the
Legislative Fiscal Division

and Office, Legislative Information

Legislative Finance Committee (2015 Session)

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AGENCY SUBCOMMITTEE GROUPINGS

The following sections (A through F) provide a detailed explanation and analysis of the executive budget for each agency and agency program that contains appropriations in HB 2. The agencies are grouped by functional categories that mirror agency groups by appropriations subcommittee. The groups are summarized below. Programs funded with proprietary funds are not funded in HB 2, but an explanation and analysis of these programs are included in each agency narrative for the purpose of legislative rate-setting.

GENERAL GOVERNMENT

(Section A)

- Legislative Branch
- Consumer Counsel
- Governor's Office
- Secretary of State
- Commissioner of Political Practices
- State Auditor
- Revenue
- Administration
- Commerce
- Labor and Industry
- Military Affairs

HEALTH AND HUMAN SERVICES

(Section B)

- Public Health and Human Services

NATURAL RESOURCES AND

TRANSPORTATION (Section C)

- Fish, Wildlife, and Parks
- Environmental Quality
- Transportation
- Livestock
- Natural Resources and Conservation
- Agriculture

JUDICIAL BRANCH, LAW ENFORCEMENT,

AND JUSTICE (Section D)

- Judicial Branch
- Crime Control Division
- Justice
- Public Service Regulation
- Office of Public Defender
- Corrections

EDUCATION (Section E)

- Office of Public Instruction
- Board of Public Education
- School for the Deaf and Blind
- Montana Arts Council
- State Library Commission
- Montana Historical Society
- Commissioner of Higher Education
 - Student Assistance
 - Community Colleges
 - University Units and Colleges of Technology
 - Agricultural Experiment Station
 - Montana Extension Service
 - Forestry and Conservation Experiment Station
 - Bureau of Mines & Geology
 - Fire Services Training School
 - Tribal College Assistance
 - Board of Regents

LONG-RANGE PLANNING (Section F)

- Long-Range Building Program
- State Building Energy Conservation
- Long-Range Information Technology Program
- Treasure State Endowment Program
- Treasure State Endowment Regional Water System
- Renewable Resource Grant & Loan Program
- Reclamation & Development Grant Program
- Cultural and Aesthetic Grant Program
- Quality School Facilities Program

Where can you find each section in the *Legislative Fiscal Report 2015. Biennium*, Volumes 3-4

Volume 3 contains HB 2 and Sections A & B
Volume 4 contains Section C, D, E, & F

NATURAL RESOURCES AND TRANSPORTATION

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Fish, Wildlife & Parks
Environmental Quality
Transportation

Livestock
Natural Resources and Conservation
Agriculture

-----Committee Members-----

House

Representative Mike Cuffe (Chair)
Representative Duane Ankney
Representative Galen Hollenbaugh
Representative Lea Whitford

Senate

Senator Matt Rosendale
Senator John Brenden
Senator Jim Keane

-----Fiscal Division Staff-----

Christina Butler
Cathy Duncan

NATURAL RESOURCES AND TRANSPORTATION

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEES

Representative
Paul H. Douglas (Ill.)
Chairman

Senator
William F. Knowland (Calif.)
Chairman

Representative
John W. Pickens (Calif.)
Ranking Member

Representative
John W. Pickens (Calif.)
Ranking Member

Chairman
Paul H. Douglas

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	693.60	693.60	700.28	700.28	693.60	700.28	6.68	0.96%
Estimated Impact of HB 2*			(24.20)	(24.20)		(24.20)	(24.20)	
Net Estimated FTE*			676.08	676.08		676.08	(17.52)	
Personal Services	39,400,159	40,915,669	42,394,102	42,436,198	80,315,828	84,830,300	4,514,472	5.62%
Operating Expenses	28,842,673	29,571,626	31,096,091	30,435,118	58,414,299	61,531,209	3,116,910	5.34%
Equipment & Intangible Assets	1,120,538	661,995	1,156,038	1,156,038	1,782,533	2,312,076	529,543	29.71%
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	952,466	941,468	952,466	952,466	1,893,934	1,904,932	10,998	0.58%
Benefits & Claims	6,225	4,823	6,225	6,225	11,048	12,450	1,402	12.69%
Transfers	293,826	274,580	337,626	337,626	568,406	675,252	106,846	18.80%
Debt Service	25,898	15,300	27,698	27,698	41,198	55,396	14,198	34.46%
Total Costs	\$70,641,785	\$72,385,461	\$75,970,246	\$75,351,369	\$143,027,246	\$151,321,615	\$8,294,369	5.80%
General Fund	0	0	309,125	309,125	0	618,250	618,250	n/a
State Special	55,375,319	56,522,854	56,591,231	56,034,700	111,898,173	112,625,931	727,758	0.65%
Federal Special	15,266,466	15,862,607	19,069,890	19,007,544	31,129,073	38,077,434	6,948,361	22.32%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$70,641,785	\$72,385,461	\$75,970,246	\$75,351,369	\$143,027,246	\$151,321,615	\$8,294,369	5.80%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Agency Mission: Montana Fish, Wildlife and Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations.

Fish, Wildlife, and Parks is responsible for the management of Montana's fish, wildlife, and recreational resources; development of recreational opportunities; and operation of the state park system. A five-member Governor-appointed commission provides direction on specific issues provided in statute. This guidance includes land usage, preservation and management of wildlife, establishment of license and permit fees, and the creation of hunting and fishing seasons.

Agency Highlights

Department of Fish, Wildlife and Parks Major Budget Highlights	
♦	<p>The primary initiatives in the approved budget include:</p> <ul style="list-style-type: none"> • Additional funding for the wolf management program • An additional 2.53 FTE for parks maintenance and operations • \$2.9 million in funding switches from state special revenue to federal funds in the Fisheries and Wildlife Divisions • Continuance and full-year funding of the general pay increase provided to staff partway through FY 2012 (\$2.5 million per year) • Continuance of funding for aquatic invasive species detection and containment activities (\$0.6 million general fund) • Developing and maintaining property managed for wildlife habitat • \$400,000 for fishing access site operation and maintenance • \$0.5 million for a long-term moose research project and sage grouse research • \$400,000 one-time-only/restricted funding to purchase heavy equipment in the parks division • Creating a restricted line-item appropriation for ongoing funding of shooting range grants instead of funding them from the base

Summary of Legislative Action

The legislature approved a biennial budget of \$151.3 million, including \$81.6 million in general license funds. The budget includes \$5.9 million in statewide present law adjustments, including the funding for the pay increase given in FY 2012, accounting for \$5.0 million, \$2.5 million in present law adjustments, and \$1.6 million in new proposals. The budget is funded with 53.7% general license funds (\$81.6 million) and 23.6% federal special revenue (\$38.1 million).

Included in the approved budget is \$600,000 over the biennium for prevention of aquatic invasive species, along with HB 586 that provides \$1.0 million of general fund to the department.

The legislature also approved additional funding for the wolf management program to continue funding in alignment with SB 348 from the 2011 Legislature, requiring the department to allocate \$900,000 annually for wolf management. To reduce state special revenue expenditures, the legislature approved a funding switch of \$2.4 million from the general license account to federal funds, since the agency is receiving an increase in federal dollars due to an increase in sales of ammunition and firearms.

The legislature typically has provided shooting range grants in base level funding. The agency reduced these funds in the 2013 biennium. To prevent the agency from further reducing the funding for these grants, the funding was created as a restricted line item.

The legislature chose to appropriate a number of items on a one-time-only basis to allow for follow up review by the next legislature, including:

- Funding for aquatic invasive species
- Fishing lands access and fishing land access sites (FAS) operations and maintenance funding
- Game damage herders
- Grizzly bear study funding
- Park reservation system
- Parks equipment

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 24.2 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$618,250	\$0	\$0	\$618,250	0.4%
State Special Total	112,625,931	-	2,919,009	115,544,940	71.3%
Federal Special Total	38,077,434	-	344,146	38,421,580	23.7%
Proprietary Total	-	7,459,723	-	7,459,723	4.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$151,321,615</u>	<u>\$7,459,723</u>	<u>\$3,263,155</u>	<u>\$162,044,493</u>	
Percent - Total All Sources	93.4%	4.6%	2.0%		

The department is funded with state special and federal special revenue. The legislature approved general fund in the 2015 biennium for continuance of aquatic invasive species (AIS) program activities. The most prominent funding source is the general license account (GLA), where the license and fee revenue from hunting and fishing is maintained. The state has assented to federal law to utilize these funds only for the operation of the state fish and wildlife agency. Any diversion of the funds from this purpose would result in the loss of federal excise tax funds.

The following table provides revenues, expenditures and estimated ending fund balance for the general license account.

FWP General License Account				
	Actual Fiscal 2012	Appropriated Fiscal 2013	Approved Fiscal 2014	Approved Fiscal 2015
Beginning Balance	\$33,186,061	\$29,450,091	\$20,223,750	\$17,742,326
License Revenue	32,445,894	33,727,400	34,255,000	34,800,000
Other Revenue	7,036,443	5,510,000	5,673,270	5,572,000
Total Funds Available	72,490,257	68,687,491	60,152,020	58,114,326
Disbursements				
Program Expenditures	40,684,695	43,964,224	41,894,109	41,875,734
Statutory Appropriations	773,215	363,281	473,215	473,215
Cat & Dog Bills	0	274,000	0	0
Continuing Capital Costs	1,760,397	3,862,236	0	0
LRB Projects	0	0	0	0
HB 13 Estimated Pay Increase	0	0	935,180	981,939
Budget Proposals (PL & NP)	0	0	(892,810)	(1,593,683)
Total Disbursements	43,218,307	48,463,741	42,409,694	41,737,205
Adjustments (Prior Year Revenue)	178,141	0	0	0
Available Ending Balance	\$29,450,091	\$20,223,750	\$17,742,326	\$16,377,121

Structural Balance

The revenues to the general license account are based on fees set by the legislature. Historically, fees have been set at a stable level for a period of eight to ten years. Early in the cycle, the increased fees generate more income than the revenue needed to meet expenses, creating a surplus of funds in the general license account, which is utilized when expenses begin to exceed revenues. During the later period, the balance in the GLA declines as expenditures exceed revenues. When the balance is projected to reach a certain point, the executive proposes a fee increase. The department considers a fund balance of \$6.0 million to be the critical point when fee increases are necessary to support department activities. The adjacent table provides a comparison of revenues and expenditures since FY 2002. The department managed a period of four years between FY 2005 and FY 2009 where revenues exceeded expenditures, resulting in an increasing ending fund balance. Beginning in FY 2010, the department began expending more than projected revenues, causing a decrease to the ending fund balance. This situation is to continue through the 2015 biennium. This indicates that the fund is at the turning point where expenditures exceed revenues and the department begins to spend down the fund balance.

Fish, Wildlife and Parks General License Account Revenues and Disbursements				
Fiscal Year	Revenues	Disbursements	Difference	Cumulative
*2015	\$40,372,000	\$41,737,205	(1,365,205)	(9,836,436)
*2014	39,928,270	42,409,694	(2,481,424)	(8,471,231)
*2013	39,237,400	48,463,741	(9,226,341)	(5,989,807)
2012	39,850,107	43,596,073	(3,745,966)	3,236,534
2011	38,486,839	40,167,839	(1,681,000)	6,982,500
2010	40,270,320	42,360,806	(2,090,486)	8,663,500
2009	42,201,959	39,362,308	2,839,651	10,753,986
2008	39,667,344	38,504,168	1,163,176	7,914,335
2007	36,060,099	31,692,176	4,367,923	6,751,159
2006	32,214,305	32,011,336	202,969	2,383,236
2005	30,399,417	30,149,840	249,577	2,180,267
2004	28,437,937	28,905,675	(467,738)	1,930,690
2003	29,189,792	27,039,789	2,150,003	2,398,428
2002	27,145,523	26,897,098	248,425	248,425

*Based upon appropriations and executive request

A large part of the decline seen between FY 2012 and FY 2013 is due to the pay increases that the department gave in FY 2012, which totaled approximately \$4.8 million for the biennium, with approximately \$3.0 million being funding by the general license account per biennium. The legislature reduced expenditures by \$2.9 million for the 2015 biennium primarily through federal funding switches to aid in structural balance of the fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	70,641,785	70,641,785	141,283,570	93.37%
Statewide PL Adjustments	0	0	0	0.00%	2,935,069	2,959,424	5,894,493	3.90%
Other PL Adjustments	309,125	309,125	618,250	100.00%	1,276,947	1,276,429	2,553,376	1.69%
New Proposals	0	0	0	0.00%	1,116,445	473,731	1,590,176	1.05%
Total Budget	\$309,125	\$309,125	\$618,250		\$75,970,246	\$75,351,369	\$151,321,615	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 163 - This bill requires the department to eliminate the mountain lion trophy license and is estimated to result in a net loss in revenue of \$20,000 to the general license account.

HB 170 - This bill creates a 3-day nonresident upland game bird license would result in a net gain in revenue of \$98,500 annually to multiple state special revenue accounts.

HB 273 - This bill removes the sunset date on the sale of licenses to a non-resident to hunt with a resident sponsor or family member. Removal of the sunset date continues the sale of these non-resident licenses and provides \$65,990 of revenue annually to multiple state special revenue accounts.

HB 401 - This bill creates special application fees collected by the Department of Fish, Wildlife and Parks resulting in an increase of revenue in the amount of \$1,259,520 per year to the general license account.

HB 580 - This bill appropriates \$75,000 from the state special revenue oil and gas ERA account to the Governor's Office for the biennia beginning July 1, 2011 and July 1, 2013 for the purpose of funding the Greater Sage-Grouse Habitat Conservation Advisory Council established by the Governor in Executive Order No. 2-2013.

HB 586 - This bill establishes authority for the Department of Fish, Wildlife and Parks for check stations and quarantine measures for aquatic invasive species and appropriates \$1,000,000 from the general fund to the agency for the biennium. It also appropriates \$300,000 of general fund at the beginning of each biennium to the invasive species account, to be used by the Department of Natural Resources and Conservation (DNRC).

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	693.60	705.03	700.28	(4.75)	706.78	700.28	(6.50)	
Estimated Impact of HB 2*			(24.20)	(24.20)		(24.20)	(24.20)	
Net Estimated FTE*			676.08	(28.95)		676.08	(30.70)	
Equipment & Intangible Assets	1,120,538	1,156,038	1,156,038	0	1,156,038	1,156,038	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Grants	952,466	952,466	952,466	0	952,466	952,466	0	0
Benefits & Claims	6,225	6,225	6,225	0	6,225	6,225	0	0
Transfers	293,826	337,626	337,626	0	337,626	337,626	0	0
Debt Service	25,898	27,698	27,698	0	27,698	27,698	0	0
Total Costs	\$70,641,785	\$75,848,167	\$75,970,246	\$122,079	\$76,020,541	\$75,351,369	(\$669,172)	(\$547,093)
General Fund	0	309,125	309,125	0	309,125	309,125	0	0
State/Other Special	55,375,319	56,618,647	56,591,231	(27,416)	56,772,323	56,034,700	(737,623)	(765,039)
Federal Special	15,266,466	18,920,395	19,069,890	149,495	18,939,093	19,007,544	68,451	217,946
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$70,641,785	\$75,848,167	\$75,970,246	\$122,079	\$76,020,541	\$75,351,369	(\$669,172)	(\$547,093)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative approved budget is \$0.5 million lower than the executive. Adjustments include additional funding for the grizzly bear study reimbursement and fishing access sites maintenance, offset by not approving the proposed migratory bird program funding increase or 7.0 additional FTE for the wolf program. In addition, the legislature imposed an additional 2% vacancy savings.

Language and Statutory Authority

The legislature included the following language in HB 2.

“Wildlife Division includes a reduction in state special revenue of \$519,403 in fiscal year 2014 and \$522,032 in fiscal year 2015 and federal special revenue of \$213,635 in fiscal year 2014 and \$211,731 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	30.00	30.00	30.00	30.00	30.00	30.00	0.00	0.00%
Personal Services	2,149,625	2,146,764	2,304,653	2,306,277	4,296,389	4,610,930	314,541	7.32%
Operating Expenses	2,176,778	2,181,475	2,011,254	2,011,477	4,358,253	4,022,731	(335,522)	(7.70%)
Equipment & Intangible Assets	53,111	53,241	53,111	53,111	106,352	106,222	(130)	(0.12%)
Total Costs	\$4,379,514	\$4,381,480	\$4,369,018	\$4,370,865	\$8,760,994	\$8,739,883	(\$21,111)	(0.24%)
State Special	4,368,822	4,370,787	4,358,326	4,360,173	8,739,609	8,718,499	(21,110)	(0.24%)
Federal Special	10,692	10,693	10,692	10,692	21,385	21,384	(1)	0.00%
Total Funds	\$4,379,514	\$4,381,480	\$4,369,018	\$4,370,865	\$8,760,994	\$8,739,883	(\$21,111)	(0.24%)

Program Description

Information Services provides information technology and information management services to the entire department including, but not limited to:

- Network creation and administration
- Hardware and off-the-shelf software procurement and configuration
- Support of automated license sales and drawings
- Intranet and Internet communications
- Software development, deployment, and support

Program Highlights

Information Services Division Major Budget Highlights	
◆	This budget remains static from the previous biennium

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Information Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$8,718,499	\$0	\$0	\$8,718,499	99.8%		
02409 General License	\$8,718,499	\$0	\$0	\$8,718,499	99.8%		
Federal Special Total	\$21,384	\$0	\$0	\$21,384	0.2%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$21,384	\$0	\$0	\$21,384	0.2%		
Total All Funds	\$8,739,883	\$0	\$0	\$8,739,883	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division receives 99.8% of funding from the general license account. The remaining funding is from federal funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	4,379,514	4,379,514	8,759,028	100.22%
Statewide PL Adjustments	0	0	0	0.00%	(10,496)	(8,649)	(19,145)	(0.22%)
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$4,369,018	\$4,370,865	\$8,739,883	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
Personal Services					251,053				
Vacancy Savings					(96,025)				
Inflation/Deflation					(359)				
Fixed Costs					(165,165)				
Total Statewide Present Law Adjustments		\$0	(\$10,496)	\$0	(\$10,496)		\$0	(\$8,649)	\$0
DP 50 - Initial Motion to FY 2012 Base	0.00	0	10,496	0	10,496	0.00	0	8,649	0
DP 51 - Adjustment for Statewide Personal Services	0.00	0	155,028	0	155,028	0.00	0	156,652	0
DP 52 - Adjustment for Statewide Operations	0.00	0	(165,524)	0	(165,524)	0.00	0	(165,301)	0
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Grand Total All Present Law Adjustments	0.00	\$0	(\$10,496)	\$0	(\$10,496)	0.00	\$0	(\$8,649)	\$0

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	184.10	184.10	187.25	187.25	184.10	187.25	3.15	1.71%
Personal Services	9,646,925	10,646,585	10,935,492	10,944,638	20,293,510	21,880,130	1,586,620	7.82%
Operating Expenses	5,894,144	6,014,455	6,544,790	6,175,539	11,908,599	12,720,329	811,730	6.82%
Equipment & Intangible Assets	401,532	401,696	436,532	436,532	803,228	873,064	69,836	8.69%
Capital Outlay	0	0	0	0	0	0	0	n/a
Transfers	72,896	0	72,896	72,896	72,896	145,792	72,896	100.00%
Debt Service	6,271	6,300	6,271	6,271	12,571	12,542	(29)	(0.23%)
Total Costs	\$16,021,768	\$17,069,036	\$17,995,981	\$17,635,876	\$33,090,804	\$35,631,857	\$2,541,053	7.68%
General Fund	0	0	309,125	309,125	0	618,250	618,250	n/a
State Special	7,520,814	8,317,292	8,242,020	7,856,959	15,838,106	16,098,979	260,873	1.65%
Federal Special	8,500,954	8,751,744	9,444,836	9,469,792	17,252,698	18,914,628	1,661,930	9.63%
Total Funds	\$16,021,768	\$17,069,036	\$17,995,981	\$17,635,876	\$33,090,804	\$35,631,857	\$2,541,053	7.68%

Program Description

The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program:

- Operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited
- Regulates angler harvests
- Monitors fish populations
- Provides adequate public access

Program Highlights

Fisheries Division	
Major Budget Highlights	
◆	The legislatively approved budget increased by 7.68% from the previous biennium, predominantly due to statewide present law adjustments.
◆	Other adjustments include: <ul style="list-style-type: none"> ▪ \$0.6 million general fund for the Aquatic Invasive Species (AIS) program, • \$850,000 fund switches from the general license fund with federal Dingle Johnson/ Wallop-Breaux Act funds • \$400,000 for fishing access site maintenance

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Fisheries Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$618,250	\$0	\$0	\$618,250	1.7%		
State Special Total	\$16,098,979	\$0	\$0	\$16,098,979	45.2%		
02148 Paddlefish Roe Account	\$49,828	\$0	\$0	\$49,828	0.1%		
02333 Fishing Access Site Maint	\$784,800	\$0	\$0	\$784,800	2.2%		
02409 General License	\$14,919,761	\$0	\$0	\$14,919,761	41.9%		
02558 Fas - Vehicle Registration	\$344,590	\$0	\$0	\$344,590	1.0%		
Federal Special Total	\$18,914,628	\$0	\$0	\$18,914,628	53.1%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$13,225,180	\$0	\$0	\$13,225,180	37.1%		
03403 Misc. Federal Funds	\$4,845,218	\$0	\$0	\$4,845,218	13.6%		
03408 State Wildlife Grants	\$844,230	\$0	\$0	\$844,230	2.4%		
Total All Funds	\$35,631,857	\$0	\$0	\$35,631,857	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded with 53.1% federal revenues, the largest source of which is the Wallup-Breaux program for sport fish restoration. Excise taxes on fishing rods, reels, creels, lures, flies, and artificial bait provide funding for the division. General license dollars contribute 41.9% of the division's funding and are used for fish restoration and hatchery support.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	16,021,768	16,021,768	32,043,536	89.93%
Statewide PL Adjustments	0	0	0	0.00%	1,119,753	1,159,814	2,279,567	6.40%
Other PL Adjustments	309,125	309,125	618,250	100.00%	454,460	454,294	908,754	2.55%
New Proposals	0	0	0	0.00%	400,000	0	400,000	1.12%
Total Budget	\$309,125	\$309,125	\$618,250		\$17,995,981	\$17,635,876	\$35,631,857	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,603,241						1,612,936
Vacancy Savings				(450,009)						(450,392)
Inflation/Deflation				(33,479)						(2,730)
Total Statewide Present Law Adjustments										
	\$0	\$655,005	\$464,748	\$1,119,753		\$0	\$670,044	\$489,770	\$1,159,814	
DP 50 - Initial Motion to FY 2012 Base										
0.00	0	(655,005)	(464,748)	(1,119,753)	0.00	0	(670,044)	(489,770)	(1,159,814)	
DP 51 - Adjustment for Statewide Personal Services										
0.00	0	668,156	485,076	1,153,232	0.00	0	671,687	490,857	1,162,544	
DP 52 - Adjustment for Statewide Operations										
0.00	0	(13,151)	(20,328)	(33,479)	0.00	0	(1,643)	(1,087)	(2,730)	
DP 302 - Fishing Access Site Operations & Maintenance Staff										
3.15	0	81,201	54,134	135,335	3.15	0	81,101	54,068	135,169	
DP 303 - Aquatic Invasive Species AIS OTO										
0.00	309,125	0	0	309,125	0.00	309,125	0	0	309,125	
DP 304 - Fishing Land Access OTO										
0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000	
Total Other Present Law Adjustments										
3.15	\$309,125	\$91,201	\$54,134	\$454,460	3.15	\$309,125	\$91,101	\$54,068	\$454,294	
Grand Total All Present Law Adjustments										
3.15	\$309,125	\$746,206	\$518,882	\$1,574,213	3.15	\$309,125	\$761,145	\$543,838	\$1,614,108	

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 302 - Fishing Access Site Operations & Maintenance Staff - The legislature approved general license and federal funds for 3.15 FTE for maintaining existing fishing access sites (FAS) around the state. The duties the summer field employees will perform include latrine cleaning, weed control, fencing, vandalism repair, and overall site maintenance. River Rangers manage the FAS on the Beaverhead, Big Hole, and Madison rivers. Groundskeepers and maintenance workers provide services at more than 320 sites statewide.

DP 303 - Aquatic Invasive Species AIS OTO - The legislature approved general fund each year of the biennium for continuation of the aquatic invasive species (AIS) work including multi-agency coordination and the watercraft inspection program. General fund will support seasonal staff and operations allocated to implement the statewide watercraft inspection station program.

DP 304 - Fishing Land Access OTO - The legislature approved a one-time-only request for \$10,000 per year in general license funds to allow FWP to continue to address access needs and resolve conflict and access issues at bridges. The Fisheries and Enforcement Divisions have worked together to assist landowners and anglers in resolving conflict and providing access at bridge access sites. Funding has been used to construct safe passage for anglers and to resolve parking issues.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - Funding Switch to Federal Dingell-Johnson										
03	0.00	0	(425,000)	425,000	0	0.00	0	(425,000)	425,000	0
DP 305 - Contracted Services for O&M FAS (RST/BIEN/OTO)										
03	0.00	0	400,000	0	400,000	0.00	0	0	0	0
Total	0.00	\$0	(\$25,000)	\$425,000	\$400,000	0.00	\$0	(\$425,000)	\$425,000	\$0

DP 301 - Funding Switch to Federal Dingell-Johnson - The legislature approved a budget neutral shift of general license to federal special revenue. This adjustment allocates additional Dingle Johnson/Wallop-Breaux Act funds to maximize federal support, saving general license funds. The funds will be used specifically to support the Fort Peck Warm Water Hatchery in eastern Montana and to support boating access site maintenance across the state.

DP 305 - Contracted Services for O&M FAS RST/BIEN/OTO - The legislature approved general license funds for operation and maintenance of fishing access sites.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	113.88	113.88	113.88	113.88	113.88	113.88	0.00	0.00%
Personal Services	7,247,098	7,410,039	7,662,922	7,670,281	14,657,137	15,333,203	676,066	4.61%
Operating Expenses	1,981,961	2,044,517	1,953,253	1,963,791	4,026,478	3,917,044	(109,434)	(2.72%)
Equipment & Intangible Assets	116,256	86,377	116,256	116,256	202,633	232,512	29,879	14.75%
Grants	15,200	15,600	15,200	15,200	30,800	30,400	(400)	(1.30%)
Transfers	29,109	31,609	29,109	29,109	60,718	58,218	(2,500)	(4.12%)
Total Costs	\$9,389,624	\$9,588,142	\$9,776,740	\$9,794,637	\$18,977,766	\$19,571,377	\$593,611	3.13%
State Special	9,037,433	9,200,143	9,393,902	9,410,971	18,237,576	18,804,873	567,297	3.11%
Federal Special	352,191	387,999	382,838	383,666	740,190	766,504	26,314	3.56%
Total Funds	\$9,389,624	\$9,588,142	\$9,776,740	\$9,794,637	\$18,977,766	\$19,571,377	\$593,611	3.13%

Program Description

The Enforcement Division is responsible for ensuring compliance with laws and regulations pertaining to the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other protected wildlife species. It also enforces the laws and regulations relative to lands or waters under agency jurisdiction and the authority of the department such as state parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to outfitters/guides, boating, snowmobiles, and off highway vehicles safety and registration. Other duties include block management patrols, stream access enforcement, commercial wildlife permitting, hunter education, license vendor contacts, game damage response, urban wildlife activities, and assisting other law enforcement agencies as requested.

Program Highlights

Enforcement Division Major Budget Highlights	
<ul style="list-style-type: none"> The major driver of the increase is to restore overtime for on-the-ground wardens, which is a zero-based item 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Enforcement Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$18,804,873	\$0	\$0	\$18,804,873	96.1%		
02115 Off-highway Vehicle Fines	\$112,132	\$0	\$0	\$112,132	0.6%		
02329 Snowmobile Fuel Tax-enforcemnt	\$59,017	\$0	\$0	\$59,017	0.3%		
02334 Hunting Access	\$879,966	\$0	\$0	\$879,966	4.5%		
02409 General License	\$17,185,045	\$0	\$0	\$17,185,045	87.8%		
02413 F & G Motorboat Cert Id	\$185,192	\$0	\$0	\$185,192	0.9%		
02414 Snowmobile Reg	\$139,520	\$0	\$0	\$139,520	0.7%		
02938 Tlmd - Administration	\$244,001	\$0	\$0	\$244,001	1.2%		
Federal Special Total	\$766,504	\$0	\$0	\$766,504	3.9%		
03403 Misc. Federal Funds	\$766,504	\$0	\$0	\$766,504	3.9%		
Total All Funds	\$19,571,377	\$0	\$0	\$19,571,377	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Enforcement Division is 87.8% funded with general license dollars. Other state special revenue includes non – resident hunting fees, fuel taxes, and off highway vehicle and snowmobile registration fees. Federal funds are primarily from the US Coast Guard and require a 25% match supplied from the general license account.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	9,389,624	9,389,624	18,779,248	95.95%
Statewide PL Adjustments	0	0	0	0.00%	97,116	115,013	212,129	1.08%
Other PL Adjustments	0	0	0	0.00%	290,000	290,000	580,000	2.96%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$9,776,740	\$9,794,637	\$19,571,377	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					147,521					154,886
Vacancy Savings					(21,697)					(21,703)
Inflation/Deflation					(28,708)					(18,170)
Total Statewide Present Law Adjustments										
		\$0	\$84,469	\$12,647	\$97,116		\$0	\$101,538	\$13,475	\$115,013
DP 50 - Initial Motion to FY 2012 Base										
	0.00	0	(84,469)	(12,647)	(97,116)	0.00	0	(101,538)	(13,475)	(115,013)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	111,238	14,586	125,824	0.00	0	118,434	14,749	133,183
DP 52 - Adjustment for Statewide Operations										
	0.00	0	(26,769)	(1,939)	(28,708)	0.00	0	(16,896)	(1,274)	(18,170)
DP 401 - Game Warden Overtime										
	0.00	0	272,000	18,000	290,000	0.00	0	272,000	18,000	290,000
Total Other Present Law Adjustments										
	0.00	\$0	\$272,000	\$18,000	\$290,000	0.00	\$0	\$272,000	\$18,000	\$290,000
Grand Total All Present Law Adjustments										
	0.00	\$0	\$356,469	\$30,647	\$387,116	0.00	\$0	\$373,538	\$31,475	\$405,013

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 401 - Game Warden Overtime - The legislature approved authority for overtime compensation, primarily from general license funds. Overtime is zero-based in the budgeting process and must be requested each biennium. This adjustment funds the MPEA warden collective bargaining agreement for overtime compensation.

Game wardens are exempt in statute from the application of vacancy savings.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	137.98	137.98	137.98	137.98	137.98	137.98	0.00	0.00%
Personal Services	7,311,141	7,894,000	7,435,054	7,442,429	15,205,141	14,877,483	(327,658)	(2.15%)
Operating Expenses	9,420,156	9,532,270	10,808,356	10,528,960	18,952,426	21,337,316	2,384,890	12.58%
Equipment & Intangible Assets	47,867	46,091	47,867	47,867	93,958	95,734	1,776	1.89%
Grants	162,879	141,050	162,879	162,879	303,929	325,758	21,829	7.18%
Benefits & Claims	6,225	4,823	6,225	6,225	11,048	12,450	1,402	12.69%
Total Costs	\$16,948,268	\$17,618,234	\$18,460,381	\$18,188,360	\$34,566,502	\$36,648,741	\$2,082,239	6.02%
State Special	11,622,284	12,008,744	10,370,899	10,172,313	23,631,028	20,543,212	(3,087,816)	(13.07%)
Federal Special	5,325,984	5,609,490	8,089,482	8,016,047	10,935,474	16,105,529	5,170,055	47.28%
Total Funds	\$16,948,268	\$17,618,234	\$18,460,381	\$18,188,360	\$34,566,502	\$36,648,741	\$2,082,239	6.02%

Program Description

The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana's renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, nongame wildlife, game birds, furbearers, and threatened and endangered species.

Program Highlights

Wildlife Division Major Budget Highlights	
♦	The legislatively approved budget increased due to the following :
▪	Statewide present law adjustments
•	\$1.2 million in additional funding for wolf management, including removal of all general license money from the wolf program
•	\$220,000 for Habitat Montana operations and maintenance
•	Additional authority to expend revenues from the income from the elk, goat, and sheep auction and the non-game check off receipts
•	\$0.5 million for moose and sage grouse research
•	\$300,000 to reimburse counties for the completion of the Cabinet-Yaak grizzly bear DNA population study
•	\$2.0 million fund switch from the general license account to federal funds
•	A 2% additional vacancy savings reduction, which can be allocated across all agency programs

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Wildlife Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$20,543,212	\$0	\$0	\$20,543,212	54.9%		
02061 Nongame Wildlife Account	\$100,822	\$0	\$0	\$100,822	0.3%		
02085 Waterfowl Stamp Spec. Rev.	\$26,126	\$0	\$0	\$26,126	0.1%		
02086 Mountain Sheep Account	\$295,962	\$0	\$0	\$295,962	0.8%		
02112 Moose Auction	\$100,000	\$0	\$0	\$100,000	0.3%		
02113 Upland Game Bird Habitat	\$369,566	\$0	\$0	\$369,566	1.0%		
02176 Mountain Goat Auction	\$28,000	\$0	\$0	\$28,000	0.1%		
02334 Hunting Access	\$9,484,179	\$0	\$0	\$9,484,179	25.3%		
02409 General License	\$8,443,068	\$0	\$0	\$8,443,068	22.6%		
02423 Wolf Management Account	\$869,134	\$0	\$0	\$869,134	2.3%		
02469 Habitat Trust Interest	\$750,355	\$0	\$0	\$750,355	2.0%		
02560 Elk Auction	\$76,000	\$0	\$0	\$76,000	0.2%		
Federal Special Total	\$16,105,529	\$0	\$0	\$16,105,529	43.0%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$14,439,888	\$0	\$0	\$14,439,888	38.6%		
03403 Misc. Federal Funds	\$957,785	\$0	\$0	\$957,785	2.6%		
03408 State Wildlife Grants	\$707,856	\$0	\$0	\$707,856	1.9%		
Proprietary Total	\$0	\$772,804	\$0	\$772,804	2.1%		
06540 Fwp Aircraft	\$0	\$772,804	\$0	\$772,804	2.1%		
Total All Funds	\$36,648,741	\$772,804	\$0	\$37,421,545	100.0%		
Percent - Total All Sources	97.9%	2.1%	0.0%				

The Wildlife Division is funded with state special revenue consisting primarily of the general license account and nonresident license funds. Other earmarked fees support the Upland Game Bird Program and the operations portion of the Wildlife Habitat Program. Federal funding consists of Pittman-Robertson funds that require a 25% non-federal match that is primarily matched with funds from the general license account.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	16,948,268	16,948,268	33,896,536	92.49%
Statewide PL Adjustments	0	0	0	0.00%	873,038	893,695	1,766,733	4.82%
Other PL Adjustments	0	0	0	0.00%	286,300	286,300	572,600	1.56%
New Proposals	0	0	0	0.00%	352,775	60,097	412,872	1.13%
Total Budget	\$0	\$0	\$0		\$18,460,381	\$18,188,360	\$36,648,741	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,244,339					1,251,537	
Vacancy Savings				(342,224)					(342,513)	
Inflation/Deflation				(29,077)					(15,329)	
Total Statewide Present Law Adjustments										
	\$0	\$457,168	\$415,870	\$873,038		\$0	\$470,217	\$423,478	\$893,695	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(457,168)	(415,870)	(873,038)	0.00	0	(470,217)	(423,478)	(893,695)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	476,469	425,646	902,115	0.00	0	480,448	428,576	909,024
DP 52 - Adjustment for Statewide Operations	0.00	0	(19,301)	(9,776)	(29,077)	0.00	0	(10,231)	(5,098)	(15,329)
DP 505 - Habitat Montana O&M	0.00	0	110,000	0	110,000	0.00	0	110,000	0	110,000
DP 507 - Game Herders for Game Damage Program OTO/RST	0.00	0	11,500	0	11,500	0.00	0	11,500	0	11,500
DP 509 - Auction Programs and Non-Game Check Off	0.00	0	164,800	0	164,800	0.00	0	164,800	0	164,800
Total Other Present Law Adjustments										
	0.00	\$0	\$286,300	\$0	\$286,300	0.00	\$0	\$286,300	\$0	\$286,300
Grand Total All Present Law Adjustments										
	0.00	\$0	\$743,468	\$415,870	\$1,159,338	0.00	\$0	\$756,517	\$423,478	\$1,179,995

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 505 - Habitat Montana O&M - The legislature approved funding from the habitat trust interest account for developing and maintaining property managed for wildlife habitat.

DP 507 - Game Herders for Game Damage Program OTO/RST - The legislature approved general license funds for operations in the game damage program. This authority will be used to hire local area ranch hands as short term workers under a modified level FTE to herd game animals away from crops and stored hay/grain in response to private landowner complaints of game damage. The need for herders varies from year to year based upon weather, animal distribution, and landowner ranch operations.

DP 509 - Auction Programs and Non-Game Check Off - The legislature approved funds to adjust base expenditures from state special revenue funding consistent with the income from the elk, goat, and sheep auction and the non-game check off receipts. The funding enables enhanced survey, management, and research efforts.

New Proposals

New Proposals		Fiscal 2014				Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
05	0.00	0	(519,403)	(213,635)	(733,038)	0.00	0	(522,032)	(211,731)	(733,763)
DP 501 - Funding Shift to PR										
05	0.00	0	(1,000,000)	1,000,000	0	0.00	0	(1,000,000)	1,000,000	0
DP 502 - Funding Shift In Block Management										
05	0.00	0	(1,000,000)	1,000,000	0	0.00	0	(1,000,000)	1,000,000	0
DP 503 - Moose Research										
05	0.00	0	50,000	100,000	150,000	0.00	0	50,000	100,000	150,000
DP 504 - Sage Grouse Research										
05	0.00	0	0	100,000	100,000	0.00	0	0	100,000	100,000
DP 506 - Wolf Program										
05	0.00	0	250,771	361,263	612,034	0.00	0	339,755	278,316	618,071
DP 510 - Completion of Grizzly Bear Study (OTO/RST)										
05	0.00	0	300,000	0	300,000	0.00	0	0	0	0
DP 511 - Remove General License Funding for Wolf Prg										
05	0.00	0	(76,221)	0	(76,221)	0.00	0	(74,211)	0	(74,211)
Total	0.00	\$0	(\$1,994,853)	\$2,347,628	\$352,775	0.00	\$0	(\$2,206,488)	\$2,266,585	\$60,097

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 501 - Funding Shift to PR - The legislature approved a budget neutral shift of general license funds to federal special revenue. This adjustment allocates federal Pittman-Robertson funds to maximize federal support, saving general license funds.

DP 502 - Funding Shift In Block Management - The legislature approved a budget neutral shift of hunting access funds to federal special revenue. This adjustment allocates federal Pittman-Robertson funds to maximize federal support, reducing general license funds.

DP 503 - Moose Research - The legislature approved funding from the moose auction account and federal special revenue to fund a long-term research project to address concerns about moose populations. State special funding will be matched with federal Pittman-Robertson funding. Research will be conducted on three different moose populations in the state: the East Cabinets, the upper Big Hole Valley, and the Rocky Mountain Front, which is expected to last 10 years.

DP 504 - Sage Grouse Research - The legislature approved federal special revenue to fund a long-term (eight years) research project to evaluate the effectiveness of different grazing systems on sage grouse populations. The project is being accomplished through a partnership with the USDA Natural Resources Conservation Service (NRCS). Funding is a 3:1 match with federal Pittman-Robertson funding and general license funding, versus the current 1:1 match of NRCS funding.

DP 506 - Wolf Program - The legislature approved funding from the wolf collaring account and federal funds to continue to fund wolf program activities.

DP 510 - Completion of Grizzly Bear Study OTO/RST - The legislature approved general license funds on a one-time-only and restricted basis for FY 2014 to reimburse counties in the northwest corner of the state for costs incurred during the completion of the Cabinet-Yaak grizzly bear DNA population study.

DP 511 - Remove General License Funding for Wolf Prg - The legislature approved eliminating the department's general license account funding for the wolf program in the base budget.

Language and Statutory Authority

The legislature included the following language in HB 2 .

“Wildlife Division includes a reduction in state special revenue of \$519,403 in fiscal year 2014 and \$522,032 in fiscal year 2015 and federal special revenue of \$213,635 in fiscal year 2014 and \$211,731 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Proprietary Program Description**Aircraft Fund**

The department's aircraft fund provides aircraft to department employees. The aircraft users are department employees, mostly fish and wildlife biologists.

*Program Narrative*Expenses

Personal services are not covered by this fund. The two largest costs are fuel and repairs. The average annual repair costs for the past six years have been \$197,000. In FY 2012, the department flew approximately 1,200 hours in department aircraft.

Revenues

Every month, users are charged for the hours flown during the previous month on a per hour basis, depending upon the type of aircraft.

Proprietary Rates

For the 2015 biennium the following rates are approved by the legislature. The rates charged in the base year are shown for comparison purposes.

Description	FY 2012	FY2013	FY 2014	FY 2015
Per Hour Rates:				
2 Place Single Engine	\$108.07	\$108.07	\$150.00	\$150.00
Partnavia	\$514.56	\$514.56	\$500.00	\$500.00
Turbine Helicopters	\$576.10	\$576.10	\$500.00	\$500.00

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	85.01	85.01	88.04	88.04	85.01	88.04	3.03	3.56%
Personal Services	4,420,026	4,259,683	4,907,824	4,916,251	8,679,709	9,824,075	1,144,366	13.18%
Operating Expenses	2,045,511	2,312,663	2,373,166	2,430,585	4,358,174	4,803,751	445,577	10.22%
Equipment & Intangible Assets	461,748	51,748	462,248	462,248	513,496	924,496	411,000	80.04%
Grants	437,605	445,318	437,605	437,605	882,923	875,210	(7,713)	(0.87%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$7,364,890	\$7,069,412	\$8,180,843	\$8,246,689	\$14,434,302	\$16,427,532	\$1,993,230	13.81%
State Special	7,237,147	6,941,657	8,014,974	8,080,490	14,178,804	16,095,464	1,916,660	13.52%
Federal Special	127,743	127,755	165,869	166,199	255,498	332,068	76,570	29.97%
Total Funds	\$7,364,890	\$7,069,412	\$8,180,843	\$8,246,689	\$14,434,302	\$16,427,532	\$1,993,230	13.81%

Program Description

The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 54 parks, 13 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 334 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants and local government recreation grants. The division also provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and administrative facilities.

Program Highlights

Parks Division Major Budget Highlights	
<ul style="list-style-type: none"> The legislatively approved budget increased primarily due to statewide present law adjustments and new proposals, including: <ul style="list-style-type: none"> \$400,000 one-time-only/restricted funding to purchase heavy equipment \$164,000 for parks operations and maintenance, including 2.53 additional FTE \$150,000 to continue funding the parks reservation system A partially offsetting reduction in the snowmobile program to maintain the program at the previous biennium level 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Parks Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$16,095,464	\$0	\$1,725,223	\$17,820,687	96.4%		
02213 Off Highway Vehicle Gas Tax	\$230,000	\$0	\$0	\$230,000	1.2%		
02238 Off-hwy Vehicle Acct (coned)	\$1,120	\$0	\$0	\$1,120	0.0%		
02239 Off Hwy Vehicle Acct (parks)	\$44,123	\$0	\$0	\$44,123	0.2%		
02273 Motorboat Fees	\$106,089	\$0	\$0	\$106,089	0.6%		
02274 Fwp Accommodations Tax	\$0	\$0	\$1,725,223	\$1,725,223	9.3%	15-65-121	Direct
02328 Ohv Gas Tax - Con Ed	\$33,615	\$0	\$0	\$33,615	0.2%		
02330 Snowmobile Fuel Tax-con Ed	\$69,496	\$0	\$0	\$69,496	0.4%		
02331 Motorboat Certification-parks	\$38,059	\$0	\$0	\$38,059	0.2%		
02332 Snowmobile Registration-parks	\$439,668	\$0	\$0	\$439,668	2.4%		
02407 Snowmobile Fuel Tax	\$1,286,465	\$0	\$0	\$1,286,465	7.0%		
02408 Coal Tax Trust Account	\$1,787,062	\$0	\$0	\$1,787,062	9.7%		
02411 State Parks Miscellaneous	\$9,621,764	\$0	\$0	\$9,621,764	52.1%		
02412 Motorboat Fuel Tax	\$2,438,003	\$0	\$0	\$2,438,003	13.2%		
Federal Special Total	\$332,068	\$0	\$0	\$332,068	1.8%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$268,764	\$0	\$0	\$268,764	1.5%		
03403 Misc. Federal Funds	\$63,304	\$0	\$0	\$63,304	0.3%		
Proprietary Total	\$0	\$324,772	\$0	\$324,772	1.8%		
06068 Mfwp Visitor Services	\$0	\$324,772	\$0	\$324,772	1.8%		
Total All Funds	\$16,427,532	\$324,772	\$1,725,223	\$18,477,527	100.0%		
Percent - Total All Sources	88.9%	1.8%	9.3%				

The largest revenue source is the \$6.00 registration fee per vehicle charged in lieu of resident day use fees at state park sites, followed by motorboat fuel taxes, parks coal tax trust earnings, snowmobile fuel taxes, snowmobile registration fees, and off-highway vehicle registration fees. Federal funding sources include Wallop-Breaux, National Recreational Trails, the Land and Water Conservation fund, and miscellaneous federal revenues. These federal funding sources require a match of 20% to 50%. The department receives 6.5% of the accommodation tax collections for the maintenance of state parks. However, since the money is appropriated through statute, it is not included in HB 2.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Base Budget	0	0	0	0.00%	7,364,890	7,364,890	14,729,780	89.67%
Statewide PL Adjustments	0	0	0	0.00%	321,309	337,388	658,697	4.01%
Other PL Adjustments	0	0	0	0.00%	130,974	130,777	261,751	1.59%
New Proposals	0	0	0	0.00%	363,670	413,634	777,304	4.73%
Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Total Budget	\$0	\$0	\$0		\$8,180,843	\$8,246,689	\$16,427,532	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				526,944					535,961
Vacancy Savings				(197,884)					(198,241)
Inflation/Deflation				(7,751)					(332)
Total Statewide Present Law Adjustments									
	\$0	\$314,853	\$6,456	\$321,309		\$0	\$330,566	\$6,822	\$337,388
DP 50 - Initial Motion to FY 2012 Base									
0.00	0	(314,853)	(6,456)	(321,309)	0.00	0	(330,566)	(6,822)	(337,388)
DP 51 - Adjustment for Statewide Personal Services									
0.00	0	322,422	6,638	329,060	0.00	0	330,891	6,829	337,720
DP 52 - Adjustment for Statewide Operations									
0.00	0	(7,569)	(182)	(7,751)	0.00	0	(325)	(7)	(332)
DP 602 - Parks Operations & Maintenance Staff									
2.53	0	135,768	0	135,768	2.53	0	135,571	0	135,571
DP 603 - Land & Water Conservation Fund Program Staff									
0.00	0	85,143	0	85,143	0.00	0	85,143	0	85,143
DP 604 - Program Base Operations									
0.00	0	115,063	0	115,063	0.00	0	115,063	0	115,063
DP 605 - Snowmobile Program RST/BIEN									
0.00	0	(205,000)	0	(205,000)	0.00	0	(205,000)	0	(205,000)
Total Other Present Law Adjustments									
2.53	\$0	\$130,974	\$0	\$130,974	2.53	\$0	\$130,777	\$0	\$130,777
Grand Total All Present Law Adjustments									
2.53	\$0	\$445,827	\$6,456	\$452,283	2.53	\$0	\$461,343	\$6,822	\$468,165

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 602 - Parks Operations & Maintenance Staff - The legislature approved funding from the parks miscellaneous and motorboat fuel tax accounts for state park operations and maintenance. The adjustment provides funding for a cumulative 2.53 FTE on an ongoing basis, including park manager and maintenance field positions and associated operations authorized in the 2011 biennium on a modified basis.

- Pictograph Cave State Park - 1.00 FTE for a full-time manager
- Region 1, the NW district park manager - 0.50 FTE that is combined with FTE for Thompson Chain Lakes and other recreational trails FTE for 1.0 FTE park manager
- Travelers Rest - 0.25 FTE to account for a full time park manager at the park. The funding for this FTE replaces monies initially received from federal ARRA stimulus funding for this position in the 2011 biennium
- Maintenance - 0.78 FTE to be used near Kalispell, Missoula, Bozeman, and Great Falls

DP 603 - Land & Water Conservation Fund Program Staff - The legislature approved state special revenue for authority for administering grants and providing administrative support for the recreational trails program and the land and water conservation fund.

DP 604 - Program Base Operations - The legislature approved an adjustment to the base from state special revenue to fund planned projects and ongoing operations at budgeted prior year levels. This adjustment also provides funding for recreational trails, snowmobile, and off-highway vehicle programs.

DP 605 - Snowmobile Program RST/BIEN - The legislature approved a reduction in snowmobile fuel tax funding for the snowmobile groomer program. The program purchases groomers for local snowmobile clubs to maintain trails during the winter season. Most of the biennial appropriation was spent in the base year of the 2013 biennium, and this reduction restores funding to the anticipated biennial level in the 2015 biennium. The revenue is dedicated funding from the snowmobile fuel tax.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 606 - Parks Boat Safety										
06	0.50	0	0	31,670	31,670	0.50	0	0	31,634	31,634
DP 607 - Parks Reservation System RST/OTO										
06	0.00	0	50,000	0	50,000	0.00	0	100,000	0	100,000
DP 608 - Parks Equipment OTO										
06	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 609 - Parks O&M RST										
06	0.00	0	82,000	0	82,000	0.00	0	82,000	0	82,000
Total	0.50	\$0	\$332,000	\$31,670	\$363,670	0.50	\$0	\$382,000	\$31,634	\$413,634

DP 606 - Parks Boat Safety - The legislature approved federal special revenue authority and 0.50 FTE for the promotion of boating safety, education, assistance, and maintenance activities in the Parks Division. This position will be combined with 1.50 FTE already in the base, creating 2.00 FTE.

DP 607 - Parks Reservation System RST/OTO - The legislature approved funding from the parks miscellaneous account to fund the Parks reservation system. The current memorandum of understanding with Idaho State Parks that provides a campsite reservation system for Montana will expire on December 31, 2013. In the event this contract is not renewed, this funding will be used to pay the operating costs of a replacement reservation system.

DP 608 - Parks Equipment OTO - The legislature approved state special revenue, primarily from the parks miscellaneous account, to purchase heavy equipment to maintain and repair infrastructure at parks statewide.

DP 609 - Parks O&M RST - The legislature approved funding from the coal tax trust and parks miscellaneous accounts for increasing operating costs statewide. The cost of garbage collection, electricity, latrine pumping, supplies, materials, and repairs and maintenance has increased significantly. Parks with high camping volumes and visitors require additional operations funding to pay for critical services such as park maintenance and safety improvements to ensure visitor enjoyment.

Proprietary Program Description

Enterprise Funds

Proprietary Program Description

In FY 2012, this fund accounted for \$185,769 of earned revenue, \$153,716 of expenditures, and a fund balance in the amount of \$346,914.

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Revenues

Revenues are generated by the sales of interpretive and educational merchandise at park visitor centers and regional offices.

Expenses

The expenses associated with the enterprise fund include office supplies, merchandising materials, and the purchase of inventory to replenish stock. As the program develops, the 60-day working capital requirement would provide sufficient cash to fund on-going operations of the program. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is purchased to replenish inventory.

Proprietary Rate Explanation

To ensure sufficient revenues are collected to replenish inventory.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	28.05	28.05	28.05	28.05	28.05	28.05	0.00	0.00%
Personal Services	1,913,282	1,886,792	1,953,298	1,953,838	3,800,074	3,907,136	107,062	2.82%
Operating Expenses	1,402,160	1,401,374	1,404,147	1,408,880	2,803,534	2,813,027	9,493	0.34%
Grants	336,782	339,500	336,782	336,782	676,282	673,564	(2,718)	(0.40%)
Total Costs	\$3,652,224	\$3,627,666	\$3,694,227	\$3,699,500	\$7,279,890	\$7,393,727	\$113,837	1.56%
State Special	2,927,312	2,891,479	2,963,774	2,968,352	5,818,791	5,932,126	113,335	1.95%
Federal Special	724,912	736,187	730,453	731,148	1,461,099	1,461,601	502	0.03%
Total Funds	\$3,652,224	\$3,627,666	\$3,694,227	\$3,699,500	\$7,279,890	\$7,393,727	\$113,837	1.56%

Program Description

The Communication and Education Division coordinates the department's information and education programs, administers a statewide shooting range grants program, and oversees a wild animal rehabilitation center. Specific responsibilities include:

- Distributes public information through various outlets, including Montana Outdoors Magazine
- Coordinates youth education programs
- Coordinates the production of hunting, fishing, and trapping regulations
- Coordinates the hunter, bow-hunter, trapper, boat, and safety programs
- Oversees the education center, Montana Wild
- Provides reception services at the department's Helena Headquarters

Program Highlights

Communication & Education Division	
Major Budget Highlights	
♦	The legislatively approved budget increase is due entirely to statewide present law adjustments

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Communication And Education Div							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$5,932,126	\$0	\$0	\$5,932,126	80.2%		
02409 General License	\$5,932,126	\$0	\$0	\$5,932,126	80.2%		
Federal Special Total	\$1,461,601	\$0	\$0	\$1,461,601	19.8%		
03097 Fedl Fish(w/b) Wildlife(p/r)	\$1,393,084	\$0	\$0	\$1,393,084	18.8%		
03403 Misc. Federal Funds	\$68,517	\$0	\$0	\$68,517	0.9%		
Total All Funds	\$7,393,727	\$0	\$0	\$7,393,727	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The largest funding source in the Communication and Education Division is the general license account, accounting for 80.2% of funding. Federal funds are primarily Pittman-Robertson and Wallop-Breaux funds derived from federal excise taxes on sporting rifles, ammunition, and fishing equipment, which require a 25% match.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,652,224	3,652,224	7,304,448	98.79%
Statewide PL Adjustments	0	0	0	0.00%	42,003	47,276	89,279	1.21%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$3,694,227	\$3,699,500	\$7,393,727	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					121,405					121,968
Vacancy Savings					(81,389)					(81,412)
Inflation/Deflation					1,987					6,720
Total Statewide Present Law Adjustments		\$0	\$36,462	\$5,541	\$42,003		\$0	\$41,040	\$6,236	\$47,276
DP 50 - Initial Motion to FY 2012 Base										
	0.00	0	(36,462)	(5,541)	(42,003)	0.00	0	(41,040)	(6,236)	(47,276)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	34,737	5,279	40,016	0.00	0	35,206	5,350	40,556
DP 52 - Adjustment for Statewide Operations										
	0.00	0	1,725	262	1,987	0.00	0	5,834	886	6,720
Total Other Present Law Adjustments										
	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0
Grand Total All Present Law Adjustments										
	0.00	\$0	\$36,462	\$5,541	\$42,003	0.00	\$0	\$41,040	\$6,236	\$47,276

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 801 - Shooting Ranges Funding										
08	0.00	0	0	0	0	0.00	0	0	0	0
Total	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$0	\$0	\$0

DP 801 - Shooting Ranges Funding - The legislature approved removing funding from the base for shooting ranges funding by general license money, and created a restricted line item, for a zero impact.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	65.12	65.12	65.62	65.62	65.12	65.62	0.50	0.77%
Personal Services	3,855,366	3,892,201	4,222,276	4,226,781	7,747,567	8,449,057	701,490	9.05%
Operating Expenses	4,978,633	5,096,710	5,065,364	4,975,683	10,075,343	10,041,047	(34,296)	(0.34%)
Equipment & Intangible Assets	12,640	13,526	12,640	12,640	26,166	25,280	(886)	(3.39%)
Capital Outlay	0	0	0	0	0	0	0	n/a
Grants	0	0	0	0	0	0	0	n/a
Transfers	112,679	163,829	164,779	164,779	276,508	329,558	53,050	19.19%
Total Costs	\$8,959,318	\$9,166,266	\$9,465,059	\$9,379,883	\$18,125,584	\$18,844,942	\$719,358	3.97%
State Special	8,898,467	9,097,118	9,387,727	9,318,104	17,995,585	18,705,831	710,246	3.95%
Federal Special	60,851	69,148	77,332	61,779	129,999	139,111	9,112	7.01%
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$8,959,318	\$9,166,266	\$9,465,059	\$9,379,883	\$18,125,584	\$18,844,942	\$719,358	3.97%

Program Description

The division is made up of two sections. The two sections' responsibilities are as follows:

Management:

- Overall department direction regarding policy, planning, program development, guidelines, and budgets
- Liaison with the Governor's Office and the Legislature
- Interaction with the Fish, Wildlife and Parks Commission
- Liaison with Montana's Indian tribes and with other state and federal agencies
- Legal
- Human resource management
- Real estate functions

Finance:

- Department-wide support for accounting
- Fiscal management
- Purchasing and property management
- Federal aid administration
- Sale of hunting, fishing, and other recreational licenses

Program Highlights

Management and Finance Division	
Major Budget Highlights	
•	The legislatively approve budget increased primarily due to statewide present law adjustments and present law adjustments including:
	▪ \$110,000 funding for the legal unit for increased workload
	▪ \$104,000 for search and rescue funding

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Management And Finance							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$18,705,831	\$0	\$1,193,786	\$19,899,617	74.4%		
02086 Mountain Sheep Account	\$60,000	\$0	\$0	\$60,000	0.2%		
02112 Moose Auction	\$2,600	\$0	\$0	\$2,600	0.0%		
02176 Mountain Goat Auction	\$4,600	\$0	\$0	\$4,600	0.0%		
02408 Coal Tax Trust Account	\$26,436	\$0	\$0	\$26,436	0.1%		
02409 General License	\$18,357,904	\$0	\$946,430	\$19,304,334	72.2%	87-1-230	Direct
02411 State Parks Miscellaneous	\$0	\$0	\$76,190	\$76,190	0.3%	87-1-230	Direct
02469 Habitat Trust Interest	\$45,887	\$0	\$171,166	\$217,053	0.8%	87-1-230	Direct
02547 Search & Rescue	\$199,304	\$0	\$0	\$199,304	0.7%		
02559 Mule Deer Auction	\$4,500	\$0	\$0	\$4,500	0.0%		
02560 Elk Auction	\$4,600	\$0	\$0	\$4,600	0.0%		
Federal Special Total	\$139,111	\$0	\$344,146	\$483,257	1.8%	87-1-230	Direct
03097 Fedl Fish(w/b) Wildlife(p/r)	\$139,111	\$0	\$344,146	\$483,257	1.8%		
Proprietary Total	\$0	\$6,362,147	\$0	\$6,362,147	23.8%		
06501 Duplicating Center	\$0	\$153,144	\$0	\$153,144	0.6%		
06502 Equipment Enterprise Fund	\$0	\$5,997,752	\$0	\$5,997,752	22.4%		
06503 F & G Warehouse Inventory	\$0	\$211,251	\$0	\$211,251	0.8%		
Total All Funds	\$18,844,942	\$6,362,147	\$1,537,932	\$26,745,021	100.0%		
Percent - Total All Sources	70.5%	23.8%	5.8%				

The division is primarily funded by general license account revenues, with the remaining funding from miscellaneous special revenue funds and federal funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	8,959,318	8,959,318	17,918,636	95.08%
Statewide PL Adjustments	0	0	0	0.00%	390,528	305,507	696,035	3.69%
Other PL Adjustments	0	0	0	0.00%	115,213	115,058	230,271	1.22%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$9,465,059	\$9,379,883	\$18,844,942	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
Fiscal 2014					Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				484,986					489,771
Vacancy Savings				(173,610)					(173,808)
Inflation/Deflation				8,055					15,982
Fixed Costs				71,097					(26,438)
Total Statewide Present Law Adjustments									
	\$0	\$374,047	\$16,481	\$390,528		\$0	\$304,579	\$928	\$305,507
DP 50 - Initial Motion to FY 2012 Base									
0.00	0	(374,047)	(16,481)	(390,528)	0.00	0	(304,579)	(928)	(305,507)
DP 51 - Adjustment for Statewide Personal Services									
0.00	0	298,378	12,998	311,376	0.00	0	315,001	962	315,963
DP 52 - Adjustment for Statewide Operations									
0.00	0	83,248	3,483	86,731	0.00	0	(2,916)	(34)	(2,950)
DP 901 - Legal Unit									
0.50	0	55,534	0	55,534	0.50	0	55,452	0	55,452
DP 902 - Search and Rescue									
0.00	0	52,100	0	52,100	0.00	0	52,100	0	52,100
Total Other Present Law Adjustments									
0.50	\$0	\$115,213	\$0	\$115,213	0.50	\$0	\$115,058	\$0	\$115,058
Grand Total All Present Law Adjustments									
0.50	\$0	\$489,260	\$16,481	\$505,741	0.50	\$0	\$419,637	\$928	\$420,565

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 901 - Legal Unit - The legislature approved funding from the general license account and an additional 0.5 FTE due to increased work load from litigation in state, federal, and water courts; and for increased legal work in the acquisition, monitoring, and enforcement of conservation easements for fish and wildlife habitat.

DP 902 - Search and Rescue - The legislature approved funding from the search and rescue account each year of the biennium to re-establish authority for a transfer to the Department of Military Affairs for costs incurred by search and rescue clubs when searching for hunters, anglers, or trappers. The revenue source for these funds is \$0.25 for each conservation license sold, which is statutorily dedicated for this purpose.

Proprietary Rates**Proprietary Program Description**

The General Services Division provides the following functions funded with proprietary funds. These programs are described separately along with a discussion of the program expenses, revenues, and rates being requested to finance the program:

- Duplicating Center
- Vehicle Fund
- Supply Warehouse

Duplicating Center*Proprietary Program Description*

The department's duplicating center provides duplicating and bindery services to department employees. The Duplicating Center has 1.00 FTE and whenever the demand for services becomes too great or a particular job is considered too large, the excess jobs are taken to Publications and Graphics in the Department of Administration to be completed.

Approved Rates**Duplicating Services Rates**

Item	FY 2012	FY2013	FY 2014	FY 2015
Copies				
1-20	\$0.065	\$0.070	\$0.070	\$0.075
21-100	\$0.050	\$0.055	\$0.055	\$0.060
101-1,000	\$0.045	\$0.050	\$0.050	\$0.056
1,001-5,000	\$0.040	\$0.045	\$0.045	\$0.050
Color - per sheet	\$0.25	\$0.25	\$0.25	\$0.25
Binding				
Collating (per sheet)	\$0.010	\$0.010	\$0.010	\$0.010
Hand Stapling (per set)	\$0.020	\$0.020	\$0.020	\$0.020
Saddle stitch (per set)	\$0.035	\$0.035	\$0.035	\$0.035
Folding (per sheet)	\$0.010	\$0.010	\$0.010	\$0.010
Punching (per sheet)	\$0.005	\$0.005	\$0.005	\$0.005
Cutting (per minute)	\$0.600	\$0.600	\$0.600	\$0.600

Equipment Enterprise Fund*Proprietary Program Description*

The department's equipment fund provides a fleet of vehicles to department employees. The users are department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven during the previous month.

Approved Rates

Description	FY 2012	FY2013	FY 2014	FY 2015
Per Mile Rates:				
Sedans	\$0.46	\$0.46	\$0.46	\$0.46
Vans	\$0.53	\$0.53	\$0.53	\$0.53
Utilities	\$0.58	\$0.58	\$0.58	\$0.58
Pickup 1/2 Ton	\$0.53	\$0.53	\$0.53	\$0.53
Pickup 3/4 Ton	\$0.61	\$0.61	\$0.61	\$0.61

Vehicles will be assessed a minimum overhead charge in addition to the regular rates if not driven a minimum number of miles.

Significant Present Law Adjustments

Each year, department employees drive over 6.1 million miles in department owned vehicles. The department currently has a fleet of over 450 vehicles, which are mainly used by enforcement officers, fish and wildlife biologists and parks employees. The rate includes funding for vehicle replacement of 40 vehicles in both FY 2014 and FY 2015. This is based on replacing vehicles after a minimum of 120,000 miles.

Warehouse Inventory*Proprietary Program Description*

The department's warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

Rate Explanation

The rate approved for the warehouse is an overhead rate that is added to the cost of the inventory items. The overhead rate is expected to generate sufficient revenue to cover the administrative costs of the program.

The FY 2012 rate was 24% and the FY 2013 rate was 24%. Due to a substantial increase to inventory, the department currently has a \$27,000 loan from another fund. This loan is necessary to maintain a positive cash balance in this fund. In order to reduce this loan, the legislature approved a warehouse overhead rate of 25% in FY 2014 and 25% in FY 2015. The rate is calculated by estimating the support costs required to maintain the warehouse function such as personal services, office supplies, and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections. Due to the size of this operation, a simple warehouse overhead rate has been considered the most logical.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	49.46	49.46	49.46	49.46	49.46	49.46	0.00	0.00%
Personal Services	2,856,696	2,779,605	2,972,583	2,975,703	5,636,301	5,948,286	311,985	5.54%
Operating Expenses	943,330	988,162	935,761	940,203	1,931,492	1,875,964	(55,528)	(2.87%)
Equipment & Intangible Assets	27,384	9,316	27,384	27,384	36,700	54,768	18,068	49.23%
Transfers	79,142	79,142	70,842	70,842	158,284	141,684	(16,600)	(10.49%)
Debt Service	19,627	9,000	21,427	21,427	28,627	42,854	14,227	49.70%
Total Costs	\$3,926,179	\$3,865,225	\$4,027,997	\$4,035,559	\$7,791,404	\$8,063,556	\$272,152	3.49%
State Special	3,763,040	3,695,634	3,859,609	3,867,338	7,458,674	7,726,947	268,273	3.60%
Federal Special	163,139	169,591	168,388	168,221	332,730	336,609	3,879	1.17%
Total Funds	\$3,926,179	\$3,865,225	\$4,027,997	\$4,035,559	\$7,791,404	\$8,063,556	\$272,152	3.49%

Program Description

Fish and Wildlife Administration program provides oversight of the Enforcement, Wildlife, Fisheries, and Communication and Education Divisions and the seven regional offices that are responsible for program implementation. The program also includes a strategic planning section to support division wide planning needs and a data services section is responsible for maintenance and support of biological databases and agency's website.

Program Highlights

**Fish and Wildlife Administration
Major Budget Highlights**

- The legislatively approve budget increased primarily due to statewide present law adjustments

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Fish, Wildlife & Parks Funding by Source of Authority 2015 Biennium Budget - Fish And Wildlife Admin							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$7,726,947	\$0	\$0	\$7,726,947	95.8%		
02409 General License	\$7,726,947	\$0	\$0	\$7,726,947	95.8%		
Federal Special Total	\$336,609	\$0	\$0	\$336,609	4.2%		
03403 Misc. Federal Funds	\$262,498	\$0	\$0	\$262,498	3.3%		
03408 State Wildlife Grants	\$74,111	\$0	\$0	\$74,111	0.9%		
Total All Funds	\$8,063,556	\$0	\$0	\$8,063,556	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program provides management oversight of all fish and wildlife activities. Because of this role the program is 95.8% funded from general license account revenues. Miscellaneous federal funds and state wildlife grants provide federal funds to the program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,926,179	3,926,179	7,852,358	97.38%
Statewide PL Adjustments	0	0	0	0.00%	101,818	109,380	211,198	2.62%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$4,027,997	\$4,035,559	\$8,063,556	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					239,744					242,995
Vacancy Savings					(123,857)					(123,988)
Inflation/Deflation					(7,569)					(3,127)
Fixed Costs					(6,500)					(6,500)
Total Statewide Present Law Adjustments		\$0	\$96,569	\$5,249	\$101,818		\$0	\$104,297	\$5,083	\$109,380
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(96,569)	(5,249)	(101,818)	0.00	0	(104,297)	(5,083)	(109,380)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	110,566	5,321	115,887	0.00	0	113,879	5,128	119,007
DP 52 - Adjustment for Statewide Operations	0.00	0	(13,997)	(72)	(14,069)	0.00	0	(9,581)	(46)	(9,627)
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$0	\$1	(\$1)	\$0
Grand Total All Present Law Adjustments	0.00	\$0	\$96,569	\$5,249	\$101,818	0.00	\$0	\$104,298	\$5,082	\$109,380

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	383.48	383.48	385.48	385.48	383.48	385.48	2.00	0.52%
Estimated Impact of HB 2*			(15.96)	(15.96)		(15.96)	(15.96)	
Net Estimated FTE*			369.52	369.52		369.52	(13.96)	
Personal Services	24,910,379	26,767,880	26,223,275	26,247,842	51,678,259	52,471,117	792,858	1.53%
Operating Expenses	21,054,758	27,281,233	28,908,523	28,253,833	48,335,991	57,162,356	8,826,365	18.26%
Equipment & Intangible Assets	60,755	118,872	101,740	101,740	179,627	203,480	23,853	13.28%
Grants	1,635,863	1,806,461	1,635,863	1,635,863	3,442,324	3,271,726	(170,598)	(4.96%)
Benefits & Claims	0	0	425,000	425,000	0	850,000	850,000	n/a
Transfers	32,398	30,332	32,398	32,398	62,730	64,796	2,066	3.29%
Total Costs	\$47,694,153	\$56,004,778	\$57,326,799	\$56,696,676	\$103,698,931	\$114,023,475	\$10,324,544	9.96%
General Fund	5,162,636	5,287,921	5,222,831	5,225,695	10,450,557	10,448,526	(2,031)	(0.02%)
State Special	24,657,802	29,342,925	32,198,162	31,523,051	54,000,727	63,721,213	9,720,486	18.00%
Federal Special	17,873,715	21,373,932	19,905,806	19,947,930	39,247,647	39,853,736	606,089	1.54%
Total Funds	\$47,694,153	\$56,004,778	\$57,326,799	\$56,696,676	\$103,698,931	\$114,023,475	\$10,324,544	9.96%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission Statement: To protect, promote, and improve a clean and healthful environment to benefit present and future generations.

The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations; and for the siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and cleanup activities related to the federal and state superfund programs and leaking underground storage tanks; and regulation and permitting of mining conducted on private, state, and federal lands. This work is completed through five divisions - Central Management, Planning Prevention and Assistance, Enforcement, Remediation, and Permitting and Compliance. The Petroleum Tank Compensation Board is also attached for administrative purposes.

The department works in partnership with the federal Environmental Protection Agency (EPA). Congress gave the EPA the initial responsibility for development and implementation of environmental protection, but many federal statutes contain preference for delegation of the program to the states when the state can demonstrate capacity to carry it out. This arrangement establishes state-federal environmental goals and priorities with the funding and flexibility to achieve desired results. These joint activities become the basis of future agreements and long-term strategic planning. Given this unique relationship, the federal government dictates many of the department's activities.

Agency Highlights

Department of Environmental Quality Major Budget Highlights	
◆ Significant adjustments made by the legislature include:	
▪ \$6.6 million in operating adjustments to bring spending authority back to the previously appropriated amount in FY 2012	
• \$850,000 for the orphan share claims feasibility study	
• Hard rock reclamation projects and operating expenses amounting to \$6.1 million	
• Funding for pay increases given in FY 2012 that amounted to approximately \$255,700 for the biennium	
• \$400,000 one-time-only funding from state special revenue for leaking underground storage tank recovery expenditures	

Summary of Legislative Action

The legislature approved a biennial budget of \$114.0 million, of which 52.5% is derived from state special revenue. The budget includes \$3.6 million in statewide present law adjustments, \$14.7 million in present law adjustments and an increase of \$291,000 from the adoption of new proposals.

Major biennial budget items include:

- \$6.6 million in base adjustments department wide
- \$1.9 million for the Orphan Share Program
- \$6.1 million of hard rock reclamation funds for maintenance at the Zortman- Landusky site

The below chart displays the department wide base adjustments. These adjustments were made to add funds to the level appropriated by the 2011 Legislature, primarily due to American Recovery and Reinvestment Act (ARRA) funding in the base year that reduced expenditures for ongoing projects and base expenditures that were low because of extensive work done on the Yellowstone oil spill, the costs for which were reimbursed by Exxon Mobile.

Common Decision Packages 2015 Biennium		
Division	FY 2014	FY 2015
Central Services (DP 1005)	\$199,242	\$198,725
Planning, Prevention and Assistance (DP 2001)	1,595,569	1,595,569
Enforcement (DP 3001 and 3002)	(1,326)	(2,487)
Remediation (DP 4001)	175,774	176,574
Permitting and Compliance (DP 5001)	1,272,458	1,271,020
Petro Board (DP 9001)	<u>51,350</u>	<u>51,350</u>
Total	<u>\$3,293,067</u>	<u>\$3,290,751</u>

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 15.96 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$10,448,526	\$0	\$0	\$10,448,526	7.7%
State Special Total	63,721,213	-	7,963,076	71,684,289	52.5%
Federal Special Total	39,853,736	-	-	39,853,736	29.2%
Proprietary Total	-	14,515,841	-	14,515,841	10.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$114,023,475</u>	<u>\$14,515,841</u>	<u>\$7,963,076</u>	<u>\$136,502,392</u>	
Percent - Total All Sources	83.5%	10.6%	5.8%		

The department's largest source of funding at 52.5% is state special revenue. This revenue is derived from permitting fees, fines, and bonds proceeds utilized to support specific department functions such as permitting, enforcement, and remediation. The federal revenue is provided from the U.S. Environmental Protection Agency (EPA) performance partnership grant, the Superfund Program, and other federal grant resources. The partnership grant is a block grant to the state to provide funding the EPA had previously made through individual grants. Federal grants have varying match requirements. Wetland grants require a 25% match, drinking water capital improvement requires a 20% match, and nonpoint source funding can require as much as a 40% match. General fund is utilized for personal services and related operating expenses such as travel, communications, and equipment.

The department receives appropriation authority from state special revenue accounts that receive resource indemnity trust interest and natural resource taxes. This collection of funds is often referred to as resource indemnity funding. The current status of these funds is shown in Figure 1. Impacts to these accounts include capital appropriations, fund transfers, and HB 2 appropriations. The groundwater and operations accounts have a negative balance at the end of the 2015 biennium.

The legislature chose to continue the matching appropriation in comparison to the statutory appropriation amount to the groundwater account in anticipation of higher than projected revenues for the amount delegated to the groundwater account from the RIT interest, which has been the same for the past 14 years.

The natural resources operations account is also estimated to have a negative balance at the end of the 2015 biennium. The legislature did not make any adjustments to the proposed appropriation from this account given that there is usually a carry forward from this account.

	Resource Indemnity Funding											
	02010	02022	02070	02107	02162	02216	02289	02472	02576	2577		
Related Funds	Oil & Gas	Future Fish	HazWas	ECA	EQPF	Wa Sto	GRW	Orphan Share	Operations	Projects		
Beginning FY2013 Fund Balance	\$389,398	\$1,265,466	\$569,528	\$697,712	\$5,386,454	\$950,000	\$0	\$10,040,797	\$1,775,947	\$6,795,909		
RIT Interest		\$500,000	\$93,860		\$32,490		\$300,000		\$234,650	\$3,500,000		
STIP	\$1,000		1,726		10,000	\$1,500						
RIGWA			386,961		386,961		366,000					
Metal Mines Tax									386,961	773,922		
Oil and Gas Tax	50,000							\$3,204,839	1,339,000	2,346,594		
Other Income	0								2,194,500	3,525		
FY 2013 Total Revenues & Fund Balance	\$440,398	\$1,765,466	\$1,052,075	\$697,712	\$6,608,216	\$986,500	\$666,000	\$13,245,636	\$5,934,558	\$13,419,950		
FY 2013 Appropriations	<u>(\$166,216)</u>		<u>(\$621,637)</u>	<u>(\$25,000)</u>	<u>(\$4,099,429)</u>	<u>(\$250,768)</u>	<u>(\$666,000)</u>	<u>(\$4,119,422)</u>	<u>(\$3,995,487)</u>			
FY 2013 Budget Amendment								(1,200,000)	(11,756)			
Transfers												
Reserved for Capital Appropriations												
HB 6 and HB 7 Appropriation								<u>(\$5,825,311)</u>	<u>(\$623,000)</u>	(12,191,663)		
Project Line Item Veto Richland County HB 7										\$293,000		
Protected Fund Balance Ending FY 2013	\$274,182	\$100	\$430,438	\$672,712	\$2,508,787	\$735,732	\$0	\$2,100,903	\$1,304,315	\$1,521,287		
Revenues for 2015 Biennium												
RIT Interest - Direct		<u>\$985,521</u>	\$94,120		\$32,580	\$485,521	\$591,313		\$235,300	\$6,898,646		
RIGWA			959,172		959,172		732,000			1,918,344		
Anticipated reversions												
Short Term Investment Pool - Interest	<u>\$2,000</u>		<u>\$3,473</u>		20,000	3,000		\$45,000				
Admin Fees					1,553,586							
Metal Mines Tax									2,534,000			
Oil and Gas Tax								<u>\$6,385,568</u>	<u>\$4,372,491</u>	4,675,534		
Agency Generated Revenues					7,530,000	<u>\$70,000</u>				31,000		
Transfers - Other										<u>\$20,723,686</u>		
Other Income					<u>\$1,036</u>							
Projected Fund Balance Beginning FY 2014	\$276,182	\$985,621	\$1,487,203	\$672,712	\$12,604,125	\$1,294,253	\$1,323,313	\$8,531,471	\$8,446,106	\$35,768,497		
Appropriations for 2015 Biennium							<u>(\$1,332,000)</u>					
UM-Bureau of Mines									<u>(\$351,772)</u>			
DNRC - Centralized Services									(76,404)			
DNRC - Conservation and Resource Devel. Division									(1,362,355)			
DNRC-Water Resources Division									(415,867)			
DNRC - Board of Oil & Gas												
DNRC - Forestry/Trust Lands									(187,314)			
DEQ-Central Management									(266,566)			
DEQ-Planning, Prevention & Assistance									0			
DEQ-Enforcement			<u>(\$155,504)</u>						(12,550)			
DEQ-Remediation			(48,674)						0			
DEQ-Permitting & Compliance			(161,666)						(3,799,270)			
Judiciary-Water Court			<u>(716,826)</u>						<u>(\$1,922,529)</u>			
HB 6 and HB 7 Request												
Non-Budgeted Transfers												
Total Appropriations												
Ending Fund Balance	<u>\$276,182</u>	<u>\$985,621</u>	<u>\$404,533</u>	<u>\$672,712</u>	<u>\$5,007,107</u>	<u>\$1,294,253</u>	<u>(\$8,687)</u>	<u>\$4,208,942</u>	<u>(\$58,292)</u>	<u>\$71,534</u>		

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,162,636	5,162,636	10,325,272	98.82%	47,694,153	47,694,153	95,388,306	83.66%
Statewide PL Adjustments	91,581	93,616	185,197	1.77%	1,785,331	1,813,975	3,599,306	3.16%
Other PL Adjustments	(3,294)	(2,710)	(6,004)	(0.06%)	7,372,911	7,372,061	14,744,972	12.93%
New Proposals	(28,092)	(27,847)	(55,939)	(0.54%)	474,404	(183,513)	290,891	0.26%
Total Budget	\$5,222,831	\$5,225,695	\$10,448,526		\$57,326,799	\$56,696,676	\$114,023,475	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 256 - This bill requires the Department of Environmental Quality to provide written notice either in person or by first class mail disclosing the availability of a draft environmental review selecting the department's preferred alternative for a one-mile wide facility siting corridor to the owners of property within the corridor. The names and addresses of the property owners must be obtained from the property tax rolls of the county where the property is located. The agency estimates these activities will increase the time required for the permitting process such as staff time, mailing, travel, and other operating costs and estimates a cost of an additional \$35,456 in FY 2014 and \$32,470 in FY 2015. The legislature did not increase expenditure authority to account for the passage of this bill.

SB 410 –This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor's Office. The funding can be transferred at the Governor's discretion in the 2015 biennium to the following departments for operations costs:

- Governor's Office
- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	383.48	385.48	385.48	0.00	385.48	385.48	0.00	
Estimated Impact of HB 2*			(15.96)	(15.96)		(15.96)	(15.96)	
Net Estimated FTE*			369.52	(15.96)		369.52	(15.96)	
Personal Services	24,910,379	26,822,917	26,223,275	(599,642)	26,844,949	26,247,842	(597,107)	(1,196,749)
Operating Expenses	21,054,758	28,735,706	28,908,523	172,817	28,479,989	28,253,833	(226,156)	(53,339)
Equipment & Intangible Assets	60,755	101,740	101,740	0	101,740	101,740	0	0
Grants	1,635,863	1,635,863	1,635,863	0	1,635,863	1,635,863	0	0
Benefits & Claims	0	425,000	425,000	0	425,000	425,000	0	0
Transfers	32,398	32,398	32,398	0	32,398	32,398	0	0
Total Costs	\$47,694,153	\$57,753,624	\$57,326,799	(\$426,825)	\$57,519,939	\$56,696,676	(\$823,263)	(\$1,250,088)
General Fund	5,162,636	6,457,202	5,222,831	(1,234,371)	6,200,552	5,225,695	(974,857)	(2,209,228)
State/Other Special	24,657,802	31,164,648	32,198,162	1,033,514	31,135,556	31,523,051	387,495	1,421,009
Federal Special	17,873,715	20,131,774	19,905,806	(225,968)	20,183,831	19,947,930	(235,901)	(461,869)
Total Funds	\$47,694,153	\$57,753,624	\$57,326,799	(\$426,825)	\$57,519,939	\$56,696,676	(\$823,263)	(\$1,250,088)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislature approved a biennial budget \$1.3 million below the executive request.

Legislative adjustments include:

- Approving an additional \$400,000 from the orphan share account for leaking underground storage tank work
- \$50,600 in operations reductions from general fund in the Enforcement Division
- General fund to state special revenue funding switches:
 - \$150,000 for database development
 - \$250,000 for the county air program
 - \$100,000 for an opencut mining database
 - \$79,000 for a coal and opencut systems specialist
- An additional \$1.1 million reduction for a 2% additional agency-wide vacancy savings

The legislature did not approve the following biennial executive proposals:

- \$100,000 for legal challenges
- \$245,700 from general fund for operations adjustments
- \$83,000 from general fund for an opencut science specialist
- \$200,000 funding switch from general fund to state special revenue for the subdivisions sub-program

Language and Statutory Authority

The legislature approved the following language in HB 2.

"The Planning, Prevention, and Assistance Division is authorized to decrease federal special revenue and increase state special revenue in the drinking water and/or water pollution control revolving loan programs by a like amount within the administration account, when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes."

"Permitting and Compliance Division includes a reduction in general fund of \$33,957 in fiscal year 2014 and \$33,712 in fiscal year 2015, state special revenue of \$290,347 in fiscal year 2014 and \$281,120 in fiscal year 2015, and federal special revenue of \$232,124 in fiscal year 2014 and \$242,060 in fiscal year 2015. The reduction is the equivalent of an

additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

"If federal funds are received to help meet the annual shortfall in operating and maintenance costs at the Zortman-Landusky mine sites, this orphan share spending authority will be reduced by the same amount."

"The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2015 biennium for the purpose of paying contract expenses related to the recovery of funds."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	8.00	8.00	9.00	8.00	(1.00)	(11.11%)
Personal Services	754,893	837,783	730,827	731,225	1,592,676	1,462,052	(130,624)	(8.20%)
Operating Expenses	801,179	1,063,929	1,101,708	1,101,543	1,865,108	2,203,251	338,143	18.13%
Total Costs	\$1,556,072	\$1,901,712	\$1,832,535	\$1,832,768	\$3,457,784	\$3,665,303	\$207,519	6.00%
General Fund	314,978	370,706	305,432	305,682	685,684	611,114	(74,570)	(10.88%)
State Special	940,718	1,189,782	1,201,531	1,161,938	2,130,500	2,363,469	232,969	10.93%
Federal Special	300,376	341,224	325,572	365,148	641,600	690,720	49,120	7.66%
Total Funds	\$1,556,072	\$1,901,712	\$1,832,535	\$1,832,768	\$3,457,784	\$3,665,303	\$207,519	6.00%

Program Description

The Central Management Program consists of the Director's Office, a Financial Services office, and an Information Technology Office. It is the organizational component of DEQ responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out the department's mission and statutory responsibilities. The Director's Office includes the director's staff, the deputy director, an administrative officer, a public information officer, a centralized legal services unit, and a centralized personnel office. The Financial Services Office provides budgeting, accounting, payroll, procurement, and contract management support to other divisions. The Information Technology Office provides information technology services support to other divisions.

Program Highlights

Central Management Program Major Budget Highlights	
♦	The legislatively approved budget increased by 6.0% from the 2013 biennium primarily due to: <ul style="list-style-type: none"> • Statewide present law adjustments ▪ Base operating increase by \$397,967 over the biennium
♦	The legislature approved transferring 1.0 FTE attorney position and approximately \$85,000 to the Remediation Division

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Central Management Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$611,114	\$0	\$0	\$611,114	3.4%		
State Special Total	\$2,363,469	\$0	\$0	\$2,363,469	13.0%		
02075 Ust Leak Prevention Program	\$25,145	\$0	\$0	\$25,145	0.1%		
02097 Environmental Rehab & Response	\$200,000	\$0	\$0	\$200,000	1.1%		
02157 Solid Waste Management Fee	\$72,920	\$0	\$0	\$72,920	0.4%		
02201 Air Quality-operating Fees	\$133,560	\$0	\$0	\$133,560	0.7%		
02202 Asbestos Control	\$50,291	\$0	\$0	\$50,291	0.3%		
02204 Public Drinking Water	\$18,142	\$0	\$0	\$18,142	0.1%		
02278 Mpdcs Permit Program	\$89,135	\$0	\$0	\$89,135	0.5%		
02542 Mt Environ Policy Act Fee	\$1,455,565	\$0	\$0	\$1,455,565	8.0%		
02555 Alternative Energy Rev Loan	\$12,573	\$0	\$0	\$12,573	0.1%		
02576 Natural Resources Operations Ssr Fu	\$266,566	\$0	\$0	\$266,566	1.5%		
02845 Junk Vehicle Disposal	\$39,572	\$0	\$0	\$39,572	0.2%		
Federal Special Total	\$690,720	\$0	\$0	\$690,720	3.8%		
03067 Dsl Federal Reclamation Grant	\$645	\$0	\$0	\$645	0.0%		
03151 2012 Exchange Network Grant	\$48,358	\$0	\$0	\$48,358	0.3%		
03152 Dw Srf Fy15 Grant	\$2,515	\$0	\$0	\$2,515	0.0%		
03262 Epa Ppg	\$374,442	\$0	\$0	\$374,442	2.1%		
03337 2011 Exchange Network Grant	\$182,000	\$0	\$0	\$182,000	1.0%		
03430 Dw Srf Fy14 Grant	\$2,514	\$0	\$0	\$2,514	0.0%		
03436 Nps 09 Staffing & Support	\$20,015	\$0	\$0	\$20,015	0.1%		
03691 Non Pt Source Staffing/support	\$20,014	\$0	\$0	\$20,014	0.1%		
03816 Doi Osm A&e Grant	\$40,217	\$0	\$0	\$40,217	0.2%		
Proprietary Total	\$0	\$14,515,841	\$0	\$14,515,841	79.8%		
06509 Deq Indirects	\$0	\$14,515,841	\$0	\$14,515,841	79.8%		
Total All Funds	\$3,665,303	\$14,515,841	\$0	\$18,181,144	100.0%		
Percent - Total All Sources	20.2%	79.8%	0.0%				

The majority of the functions in the division are funded with non-budgeted proprietary funds that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the Environmental Protection Agency (EPA). The indirect rate is assessed against funding for all personal services, temporary services, and work study projects as well as contracted services within each division, and transferred to fund operating costs. This funding currently supports 55.00 FTE who provide management tasks, budgeting, accounting, payroll, procurement, contract management, and information technology services to other divisions. A further discussion of the proposed rate for the proprietary fund is at the end of the division narrative.

The appropriated funds provide support for the agency's legal services, the Board of Environmental Review, and Montana Environmental Protection Act (MEPA) activities. The appropriated funds consist of general fund, a number of state special revenue fees, and small federal grants. The majority of the funding comes from Montana Environmental Policy Act (MEPA) review fees.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	314,978	314,978	629,956	103.08%	1,556,072	1,556,072	3,112,144	84.91%
Statewide PL Adjustments	20,640	20,757	41,397	6.77%	62,289	62,924	125,213	3.42%
Other PL Adjustments	(30,186)	(30,053)	(60,239)	(9.86%)	214,174	213,772	427,946	11.68%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$305,432	\$305,682	\$611,114		\$1,832,535	\$1,832,768	\$3,665,303	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					95,878					96,151
Vacancy Savings					(34,032)					(34,040)
Inflation/Deflation					443					813
Total Statewide Present Law Adjustments										
		\$20,640	\$55,734	(\$14,085)	\$62,289		\$20,757	\$16,511	\$25,656	\$62,924
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(20,640)	(55,734)	14,085	(62,289)	0.00	(20,757)	(16,511)	(25,656)	(62,924)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	20,675	55,252	(14,081)	61,846	0.00	20,811	15,665	25,635	62,111
DP 52 - Adjustment for Statewide Operations										
	0.00	(35)	10,327	(5)	10,287	0.00	(54)	10,672	21	10,639
DP 1002 - EPA FY11 Exchange Network Grant										
	0.00	0	0	91,000	91,000	0.00	0	0	91,000	91,000
DP 1004 - Move Attorney from PGM 10 to PGM 40										
	(1.00)	(30,186)	0	(55,726)	(85,912)	(1.00)	(30,053)	0	(55,726)	(85,779)
DP 1005 - Central Management Program Base Adjustment HB2										
	0.00	0	195,234	4,008	199,242	0.00	0	194,883	3,842	198,725
Total Other Present Law Adjustments										
	(1.00)	(\$30,186)	\$205,079	\$39,281	\$214,174	(1.00)	(\$30,053)	\$204,709	\$39,116	\$213,772
Grand Total All Present Law Adjustments										
	(1.00)	(\$9,546)	\$260,813	\$25,196	\$276,463	(1.00)	(\$9,296)	\$221,220	\$64,772	\$276,696

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1002 - EPA FY11 Exchange Network Grant - DEQ was awarded EPA grant funding to continue work on the existing Montana Exchange Network Node. DEQ and EPA have been working to improve data accuracy of underground storage tank/leaking underground storage tank (UST/LUST) site location data and to establish UST/LUST data partnerships with states, tribes, local governments, and interested parties.

DP 1004 - Move Attorney from PGM 10 to PGM 40 - The legislature approved a reduction of \$85,912 in FY 2014 and \$85,779 in FY 2015 from general fund and the LUST trust recovery account to adjust for the transfer of an attorney from the Central Management Program to the Remediation Division. This transfer aligns the position with workload requirements. This is budget neutral and nets to \$0 across the two programs.

DP 1005 - Central Management Program Base Adjustment HB2 - The legislature approved state and federal special revenue, primarily the natural resources operations SSR account, to restore spending authority for the base budget in the Central Management Program. Primary factors related to this appropriation include: environmental impact statement (EIS) activity reduction in the base year (new projects are in the queue), legal costs incurred by the Board of Environmental Review exceeded current funding levels, and an approximate 9 month attorney pool vacancy in the base year.

Proprietary Rates

Proprietary Program Description

The legislature approved an indirect rate of 24% against personal services and 4% against operations.

Proprietary Rate Explanation

The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The department changed the method of indirect rate application from one rate applied only to personal services to two rates, one applied to personal services and a second applied to operating expenses. The application of these two rates provides a more equitable basis for funding proprietary services. The department negotiates the indirect cost rates with the U.S. Environmental Protection Agency (EPA).

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	83.50	83.50	83.50	83.50	83.50	83.50	0.00	0.00%
Personal Services	5,713,653	6,111,850	6,090,720	6,098,317	11,825,503	12,189,037	363,534	3.07%
Operating Expenses	5,035,015	6,853,257	6,948,607	6,799,478	11,888,272	13,748,085	1,859,813	15.64%
Equipment & Intangible Assets	0	28,000	0	0	28,000	0	(28,000)	(100.00%)
Grants	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$10,748,668	\$12,993,107	\$13,039,327	\$12,897,795	\$23,741,775	\$25,937,122	\$2,195,347	9.25%
General Fund	2,604,298	2,627,355	2,630,738	2,631,807	5,231,653	5,262,545	30,892	0.59%
State Special	2,155,346	2,716,726	3,303,571	3,154,171	4,872,072	6,457,742	1,585,670	32.55%
Federal Special	5,989,024	7,649,026	7,105,018	7,111,817	13,638,050	14,216,835	578,785	4.24%
Total Funds	\$10,748,668	\$12,993,107	\$13,039,327	\$12,897,795	\$23,741,775	\$25,937,122	\$2,195,347	9.25%

Program Description

The Planning, Prevention, and Assistance Division: 1) finances construction and improvement of community drinking water and wastewater systems and provides engineering review and technical assistance to community water infrastructure planners; 2) finances energy saving retrofits of public buildings and renewable energy systems for homeowners and small businesses; 3) provides technical assistance and education to builders, homeowners, and businesses on energy efficiency and renewable energy, indoor air quality, radon, recycling, and solid waste reduction; 4) assists small businesses in reducing emissions and complying with environmental regulations; 5) monitors water quality conditions, assesses potential pollution problems, and aids industry to achieve cost effective compliance with water quality laws and regulations; 6) assists communities in planning for energy, watershed, air shed, and solid and hazardous waste management; 7) develops water quality restoration plans (Total Maximum Daily Loads or TMDLs); 8) proposes rules, drafts policy, and develops water quality standards. The division consists of three bureaus: Technical and Financial Assistance, Water Quality Planning, and Energy and Pollution Prevention, along with a Financial Management and Budgeting Unit.

Program Highlights

Planning, Prevention, and Assistance Division Major Budget Highlights	
♦	The legislatively approved budget increased by 9.25% from the 2013 biennium due to: <ul style="list-style-type: none"> Statewide present law adjustments Base operating increase of \$3.2 million \$340,000 for water pollution control \$400,000 for database development and maintenance
♦	The legislature approved a \$100,000 general fund decrease in operations

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Plan.Prevent. & Assist.Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,262,545	\$0	\$0	\$5,262,545	20.3%		
State Special Total	\$6,457,742	\$0	\$0	\$6,457,742	24.9%		
02070 Hazardous Waste-cercla	\$155,504	\$0	\$0	\$155,504	0.6%		
02157 Solid Waste Management Fee	\$271,508	\$0	\$0	\$271,508	1.0%		
02201 Air Quality-operating Fees	\$245,058	\$0	\$0	\$245,058	0.9%		
02206 Agriculture Monitoring	\$10,212	\$0	\$0	\$10,212	0.0%		
02223 Wastewater Srf Special Admin	\$2,251,282	\$0	\$0	\$2,251,282	8.7%		
02278 Mpdcs Permit Program	\$384,044	\$0	\$0	\$384,044	1.5%		
02291 Alternative Energy Loan Arra	\$100,142	\$0	\$0	\$100,142	0.4%		
02370 Energy Conserv Repayment Acct	\$420,722	\$0	\$0	\$420,722	1.6%		
02472 Orphan Share Fund	\$150,000	\$0	\$0	\$150,000	0.6%		
02491 Drinking Water Spec Admin Cost	\$790,048	\$0	\$0	\$790,048	3.0%		
02555 Alternative Energy Rev Loan	\$183,160	\$0	\$0	\$183,160	0.7%		
02955 State Energy Conservation Arra	\$985,068	\$0	\$0	\$985,068	3.8%		
02973 Univ System Benefits Program	\$510,994	\$0	\$0	\$510,994	2.0%		
Federal Special Total	\$14,216,835	\$0	\$0	\$14,216,835	54.8%		
03003 Wetland Dev-prof Capacity	\$47,326	\$0	\$0	\$47,326	0.2%		
03007 Doe Special Projects	\$32,740	\$0	\$0	\$32,740	0.1%		
03033 Wetland Develop-illf	\$98,484	\$0	\$0	\$98,484	0.4%		
03091 106 Monitor Suppl Initiative	\$246,598	\$0	\$0	\$246,598	1.0%		
03152 Dw Srf Fy15 Grant	\$743,302	\$0	\$0	\$743,302	2.9%		
03199 Stripper Wells	\$222,784	\$0	\$0	\$222,784	0.9%		
03212 Stripper-secp	\$29,980	\$0	\$0	\$29,980	0.1%		
03217 Wetland Watershed Grant	\$172,694	\$0	\$0	\$172,694	0.7%		
03218 Diamond Shamrock-admin.	\$42,950	\$0	\$0	\$42,950	0.2%		
03262 Epa Ppg	\$3,851,952	\$0	\$0	\$3,851,952	14.9%		
03430 Dw Srf Fy14 Grant	\$743,302	\$0	\$0	\$743,302	2.9%		
03436 Nps 09 Staffing & Support	\$1,351,217	\$0	\$0	\$1,351,217	5.2%		
03437 Doe-state Energy Program	\$753,952	\$0	\$0	\$753,952	2.9%		
03459 Doe Competitive Special Proj	\$206,996	\$0	\$0	\$206,996	0.8%		
03465 Doe Washington State Univ	\$147,676	\$0	\$0	\$147,676	0.6%		
03481 Nps14 Project Grant	\$1,386,584	\$0	\$0	\$1,386,584	5.3%		
03482 Nps15 Project Grant	\$1,386,584	\$0	\$0	\$1,386,584	5.3%		
03676 Bureau Of Land Management	\$161,488	\$0	\$0	\$161,488	0.6%		
03691 Non Pt Source Staffing/support	\$1,344,418	\$0	\$0	\$1,344,418	5.2%		
03695 Srf St Tribal Rel Agrmt Grant	\$284,202	\$0	\$0	\$284,202	1.1%		
03723 Clean Diesel Ds-97867001	\$568,854	\$0	\$0	\$568,854	2.2%		
03814 Epa Water Quality 205j	\$213,186	\$0	\$0	\$213,186	0.8%		
03817 Wetland 401 Certification Grnt	\$179,566	\$0	\$0	\$179,566	0.7%		
Total All Funds	\$25,937,122	\$0	\$0	\$25,937,122	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air quality permits and the interest from the investments made in community drinking water projects. The largest portion of federal funds is provided through the Environmental Protection Agency (EPA) programs, including the performance partnership grant and funds for non-point source water projects under the federal Clean Water Act. General fund is utilized for the Total Maximum Daily Loads (TMDL) program and for matching federal grants.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,604,298	2,604,298	5,208,596	98.97%	10,748,668	10,748,668	21,497,336	82.88%
Statewide PL Adjustments	26,440	27,509	53,949	1.03%	375,090	383,558	758,648	2.92%
Other PL Adjustments	0	0	0	0.00%	1,765,569	1,765,569	3,531,138	13.61%
New Proposals	0	0	0	0.00%	150,000	0	150,000	0.58%
Total Budget	\$2,630,738	\$2,631,807	\$5,262,545		\$13,039,327	\$12,897,795	\$25,937,122	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2001 - Planning, Prevention & Assist Operations Adjustmnt - The legislature approved state special and federal special revenue from multiple accounts to bring spending authority to the previous biennium appropriated level in the Planning, Prevention, and Assistance Program. Administrative appropriations for unfinished projects, position vacancies, and federal stimulus funding are the primary factors in lower base year spending.

DP 2002 - Water Pollution Control State Special Authority - The legislature approved funding from the wastewater SRF special administration account to fund various activities related to clean water. Activities include advanced training, wetland program projects, and pilot projects.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 2005 - Database Development OTO/BIEN/RST Approp										
20	0.00	0	150,000	0	150,000	0.00	0	0	0	0
DP 2006 - Database & Application Maintenance										
20	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
DP 2007 - Reduction in Operations										
20	0.00	(50,000)	0	0	(50,000)	0.00	(50,000)	0	0	(50,000)
Total	0.00	\$0	\$150,000	\$0	\$150,000	0.00	\$0	\$0	\$0	\$0

DP 2005 - Database Development OTO/BIEN/RST Approp - The legislature approved orphan share revenue for a one-time database development and enhancement project. The project's purpose is to complete the phased development of the bureau's Water Quality Assessment, Reporting, and Documentation (WARD) information management system.

DP 2006 - Database & Application Maintenance - The legislature approved general fund to provide for the ongoing maintenance of the department's water quality database and related technical systems.

DP 2007 - Reduction in Operations - The legislature approved an operating reduction from general fund for each year of the biennium.

Language and Statutory Authority

The legislature approved the following language in HB 2.

"The Planning, Prevention, and Assistance Division is authorized to decrease federal special revenue and increase state special revenue in the drinking water and/or water pollution control revolving loan programs by a like amount within the administration account, when the amount of federal capitalization funds have been expended or when federal funds and bond proceeds will be used for other program purposes."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	14.73	14.73	14.73	14.73	14.73	14.73	0.00	0.00%
Personal Services	954,426	1,044,982	1,013,791	1,014,663	1,999,408	2,028,454	29,046	1.45%
Operating Expenses	329,721	343,235	325,376	324,285	672,956	649,661	(23,295)	(3.46%)
Total Costs	\$1,284,147	\$1,388,217	\$1,339,167	\$1,338,948	\$2,672,364	\$2,678,115	\$5,751	0.22%
General Fund	506,701	547,775	517,710	518,091	1,054,476	1,035,801	(18,675)	(1.77%)
State Special	433,707	468,717	461,409	461,071	902,424	922,480	20,056	2.22%
Federal Special	343,739	371,725	360,048	359,786	715,464	719,834	4,370	0.61%
Total Funds	\$1,284,147	\$1,388,217	\$1,339,167	\$1,338,948	\$2,672,364	\$2,678,115	\$5,751	0.22%

Program Description

The Enforcement Division is responsible for formal enforcement of the public health and environmental protection laws and rules administered by the department. Division staff works with department attorneys and regulatory programs to draft administrative orders, calculate penalties, negotiate settlements, and monitor compliance with orders issued by the department. The division also manages a complaint clearinghouse that responds to and tracks citizen complaints and reports of spills or releases of materials.

Program Highlights

Enforcement Division Major Budget Highlights	
♦	The legislatively approved budget increased by less than 1% from the 2013 biennium, including the following adjustments: <ul style="list-style-type: none"> ▪ Statewide present law adjustments ▪ \$3,813 net operations increase

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Enforcement Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,035,801	\$0	\$0	\$1,035,801	38.7%		
State Special Total	\$922,480	\$0	\$0	\$922,480	34.4%		
02070 Hazardous Waste-cercla	\$48,674	\$0	\$0	\$48,674	1.8%		
02075 Ust Leak Prevention Program	\$63,657	\$0	\$0	\$63,657	2.4%		
02157 Solid Waste Management Fee	\$57,073	\$0	\$0	\$57,073	2.1%		
02201 Air Quality-operating Fees	\$190,216	\$0	\$0	\$190,216	7.1%		
02202 Asbestos Control	\$68,455	\$0	\$0	\$68,455	2.6%		
02204 Public Drinking Water	\$285,321	\$0	\$0	\$285,321	10.7%		
02278 Mpdcs Permit Program	\$99,354	\$0	\$0	\$99,354	3.7%		
02576 Natural Resources Operations Ssr Fu	\$12,550	\$0	\$0	\$12,550	0.5%		
02845 Junk Vehicle Disposal	\$97,180	\$0	\$0	\$97,180	3.6%		
Federal Special Total	\$719,834	\$0	\$0	\$719,834	26.9%		
03067 Dsl Federal Reclamation Grant	\$9,116	\$0	\$0	\$9,116	0.3%		
03262 Epa Ppg	\$701,608	\$0	\$0	\$701,608	26.2%		
03433 Epa Ppg Fy10-11	\$1	\$0	\$0	\$1	0.0%		
03816 Doi Osm A&e Grant	\$9,109	\$0	\$0	\$9,109	0.3%		
Total All Funds	\$2,678,115	\$0	\$0	\$2,678,115	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded with general fund and a variety of state special and federal revenue sources. The division's primary state special revenue funds are the fees collected for air, asbestos control, and discharge permits, as well as subdivision review fees. The largest percentage of federal funds is provided through the Environmental Protection Agency (EPA) programs, predominantly the performance partnership grant.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	506,701	506,701	1,013,402	97.84%	1,284,147	1,284,147	2,568,294	95.90%
Statewide PL Adjustments	36,344	36,725	73,069	7.05%	56,346	57,288	113,634	4.24%
Other PL Adjustments	0	0	0	0.00%	24,009	22,848	46,857	1.75%
New Proposals	(25,335)	(25,335)	(50,670)	(4.89%)	(25,335)	(25,335)	(50,670)	(1.89%)
Total Budget	\$517,710	\$518,091	\$1,035,801		\$1,339,167	\$1,338,948	\$2,678,115	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				101,607					102,515	
Vacancy Savings				(42,242)					(42,278)	
Inflation/Deflation				(3,019)					(2,949)	
Total Statewide Present Law Adjustments	\$36,344	\$14,216	\$5,786	\$56,346		\$36,725	\$14,531	\$6,032	\$57,288	
DP 50 - Initial Motion to FY 2012 Base	0.00	(36,344)	(14,216)	(5,786)	0.00	(36,725)	(14,531)	(6,032)	(57,288)	
DP 51 - Adjustment for Statewide Personal Services	0.00	38,291	14,978	6,096	0.00	38,615	15,277	6,345	60,237	
DP 52 - Adjustment for Statewide Operations	0.00	(1,947)	(762)	(310)	0.00	(1,890)	(746)	(313)	(2,949)	
DP 3001 - Enforcement Operations Adjustments	0.00	0	13,486	10,523	0.00	0	12,833	10,015	22,848	
Total Other Present Law Adjustments	0.00	\$0	\$13,486	\$10,523	0.00	\$0	\$12,833	\$10,015	\$22,848	
Grand Total All Present Law Adjustments	0.00	\$36,344	\$27,702	\$16,309	0.00	\$36,725	\$27,364	\$16,047	\$80,136	

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 3001 - Enforcement Operations Adjustments - The legislature approved state special and federal special revenue, from multiple accounts, to bring the appropriation up to the FY 2012 appropriated level. Base expenditures were low due to staff vacancies as well as extensive work done on the Yellowstone oil spill, the cost of which was reimbursed by Exxon Mobile.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3002 - Operations Reduction										
30	0.00	(25,335)	0	0	(25,335)	0.00	(25,335)	0	0	(25,335)
Total	0.00	(\$25,335)	\$0	\$0	(\$25,335)	0.00	(\$25,335)	\$0	\$0	(\$25,335)

DP 3002 - Operations Reduction - The legislature approved a reduction in operations from general fund.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	63.01	63.01	64.01	64.01	63.01	64.01	1.00	1.59%
Personal Services	3,779,059	4,280,194	4,367,429	4,370,489	8,059,253	8,737,918	678,665	8.42%
Operating Expenses	6,240,712	7,613,450	7,223,415	6,825,662	13,854,162	14,049,077	194,915	1.41%
Benefits & Claims	0	0	425,000	425,000	0	850,000	850,000	n/a
Transfers	9,364	7,500	9,364	9,364	16,864	18,728	1,864	11.05%
Total Costs	\$10,029,135	\$11,901,144	\$12,025,208	\$11,630,515	\$21,930,279	\$23,655,723	\$1,725,444	7.87%
General Fund	0	0	0	0	0	0	0	n/a
State Special	5,223,156	5,762,678	6,544,668	6,146,579	10,985,834	12,691,247	1,705,413	15.52%
Federal Special	4,805,979	6,138,466	5,480,540	5,483,936	10,944,445	10,964,476	20,031	0.18%
Total Funds	\$10,029,135	\$11,901,144	\$12,025,208	\$11,630,515	\$21,930,279	\$23,655,723	\$1,725,444	7.87%

Program Description

The Remediation Division protects human health and the environment by restoring contaminated sites to a level that prevents unacceptable exposure to hazardous substances that have been released to soil, sediment, surface water, or groundwater. The division also ensures compliance with state and federal regulations. It oversees and conducts or supports remedial investigation and efficient, cost-effective cleanup activities at state and federal Superfund sites; supervises voluntary cleanup activities; reclaims abandoned mine lands; implements corrective actions at sites with leaking petroleum storage tanks; and oversees groundwater remediation at sites where improper placement of wastes has caused groundwater contamination. This division is divided into three bureaus. The Hazardous Waste Site Cleanup Bureau oversees or conducts the investigation and cleanup of sites contaminated by chemical spills, hazardous substances, and petroleum released by industrial and commercial operations. The bureau works with the Petroleum Tank Release Compensation Board for eligibility and reimbursement determinations. The Mine Waste Cleanup Bureau is responsible for administering and overseeing remedial actions at historical (pre-1977) abandoned mines, ore-transport, and processing facilities. The bureau also oversees the state provisions of the federal Comprehensive Environmental Response and Liability Act (CERCLA or federal Superfund program) for cleanup activities at National Priority List (NPL) sites.

Program Highlights

Remediation Division Major Budget Highlights	
♦	The legislatively approved budget increased by 7.87% from the 2013 biennium primarily due to: <ul style="list-style-type: none"> Statewide present law adjustments \$352,348 base operating increase \$850,000 for the orphan share claims feasibility study \$798,910 for LUST trust cost recovery expenditures \$402,832 for the Beal and Basin reclamation bond expenditures
♦	The legislature approved transferring 1.0 FTE attorney position from the Central Services Division

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Remediation Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$12,691,247	\$0	\$0	\$12,691,247	53.6%		
02058 Petroleum Storage Tank Cleanup	\$2,566,043	\$0	\$0	\$2,566,043	10.8%		
02070 Hazardous Waste-cercla	\$161,666	\$0	\$0	\$161,666	0.7%		
02162 Environmental Quality Protecti	\$7,597,018	\$0	\$0	\$7,597,018	32.1%		
02206 Agriculture Monitoring	\$21,615	\$0	\$0	\$21,615	0.1%		
02314 Dnrc Grants - Remediation	\$200,000	\$0	\$0	\$200,000	0.8%		
02438 Pegasus - Beal Mountain	\$303,896	\$0	\$0	\$303,896	1.3%		
02472 Orphan Share Fund	\$1,272,529	\$0	\$0	\$1,272,529	5.4%		
02520 Fy06 Cercla Bond Proceeds	\$69,618	\$0	\$0	\$69,618	0.3%		
02565 Lust Cost Recovery	\$399,926	\$0	\$0	\$399,926	1.7%		
02940 Pegasus - Basin	\$98,936	\$0	\$0	\$98,936	0.4%		
Federal Special Total	\$10,964,476	\$0	\$0	\$10,964,476	46.4%		
03036 Deq Federal Aml Grant	\$569,571	\$0	\$0	\$569,571	2.4%		
03158 Blm Interagency Agreement	\$624,120	\$0	\$0	\$624,120	2.6%		
03221 Epa Lust Trust Fy2010	\$1,061,893	\$0	\$0	\$1,061,893	4.5%		
03256 Epa Superfund Core Fy2010	\$431,626	\$0	\$0	\$431,626	1.8%		
03257 Superfund Multi-site	\$1,925,275	\$0	\$0	\$1,925,275	8.1%		
03259 Superfund Multi Site	\$464	\$0	\$0	\$464	0.0%		
03260 Carpenter Snow Creek Superfund	\$165,100	\$0	\$0	\$165,100	0.7%		
03261 Lust Supplemental Grant	\$141,607	\$0	\$0	\$141,607	0.6%		
03262 Epa Ppg	\$406,683	\$0	\$0	\$406,683	1.7%		
03295 Tank Closure Grant	\$100,000	\$0	\$0	\$100,000	0.4%		
03351 Mgmt Assist - Butte Mine Flood	\$100,000	\$0	\$0	\$100,000	0.4%		
03353 Management Assist - Spec Acct	\$570,180	\$0	\$0	\$570,180	2.4%		
03360 Management Assistance - Bulk	\$1,013,155	\$0	\$0	\$1,013,155	4.3%		
03438 Brownsfield State Response	\$161,982	\$0	\$0	\$161,982	0.7%		
03463 Mine Lease/reclamation	\$125,517	\$0	\$0	\$125,517	0.5%		
03721 Libby Asbestos/troy	\$2,355,545	\$0	\$0	\$2,355,545	10.0%		
03973 Brownfields Grants	\$1,211,758	\$0	\$0	\$1,211,758	5.1%		
Total All Funds	\$23,655,723	\$0	\$0	\$23,655,723	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Remediation Division is funded with a mix of state special and federal revenue sources. State special revenue comes from the \$.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust (RIT), resource indemnity groundwater assessment taxes, and oil and gas taxes deposited to the environmental quality protection, orphan share, and hazardous waste funds. Federal special revenue is derived from the federal Environmental Protection Agency (EPA) for Superfund oversight and various other activities, and the federal Office of Surface Mining for the Abandoned Mine Lands (AML) program.

For a further discussion of the RIT funds, see the Summary section of this agency's narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	10,029,135	10,029,135	20,058,270	84.79%
Statewide PL Adjustments	0	0	0	0.00%	500,513	504,743	1,005,256	4.25%
Other PL Adjustments	0	0	0	0.00%	1,095,560	1,096,637	2,192,197	9.27%
New Proposals	0	0	0	0.00%	400,000	0	400,000	1.69%
Total Budget	\$0	\$0	\$0		\$12,025,208	\$11,630,515	\$23,655,723	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					680,857					684,183
Vacancy Savings					(178,399)					(178,532)
Inflation/Deflation					(1,945)					(908)
Total Statewide Present Law Adjustments		\$0	(\$46,731)	\$547,244	\$500,513		\$0	(\$44,831)	\$549,574	\$504,743
DP 50 - Initial Motion to FY 2012 Base	0.00	0	46,731	(547,244)	(500,513)	0.00	0	44,831	(549,574)	(504,743)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	(45,601)	548,059	502,458	0.00	0	(44,366)	550,017	505,651
DP 52 - Adjustment for Statewide Operations	0.00	0	(1,130)	(815)	(1,945)	0.00	0	(467)	(441)	(908)
DP 4001 - Remediation Division Operating Adjustment	0.00	0	85,621	90,153	175,774	0.00	0	85,630	90,944	176,574
DP 4003 - Orphan Share Claims Feas Studies (BIEN/RST/OTO)	0.00	0	425,000	0	425,000	0.00	0	425,000	0	425,000
DP 4004 - LUST Trust Cost Recovery Expenditures	0.00	0	199,455	0	199,455	0.00	0	199,455	0	199,455
DP 4005 - Beal & Basin Reclamation Bond Expend. (BIEN/RST)	0.00	0	201,416	0	201,416	0.00	0	201,416	0	201,416
DP 4006 - Remediation Division Additional Leased Vehicle	0.00	0	0	8,003	8,003	0.00	0	0	8,413	8,413
DP 4007 - Move Attorney from PGM 10 to PGM 40	1.00	0	56,751	29,161	85,912	1.00	0	56,755	29,024	85,779
Total Other Present Law Adjustments		1.00	\$0	\$968,243	\$127,317	1.00	\$0	\$968,254	\$128,383	\$1,096,637
Grand Total All Present Law Adjustments		1.00	\$0	\$921,512	\$674,561	1.00	\$0	\$923,423	\$677,957	\$1,601,380

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 4001 - Remediation Division Operating Adjustment - The legislature approved state and federal special revenue, from multiple accounts, to bring spending authority up to the FY 2012 appropriated level for the Hazardous Waste Site Cleanup Bureau (HWSCB) and the Mine Waste Cleanup Bureau (MWCB). Operating adjustments for the HWSCB reflect increased activity for preliminary assessment and site investigation (PA/SI), litigation on state superfund sites, and contractual activity at other state superfund sites. Base activity included emergency response to the Yellowstone pipeline spill. The MWCB was provided authority for completion of hard rock abandoned mine cleanup projects for which cash has already been received, and the MWCB has anticipated increased contractual activity for certain federal superfund sites.

DP 4003 - Orphan Share Claims Feas Studies BIEN/RST/OTO - The legislature approved state special revenue orphan share funding. The department would reimburse the orphan share expenses for the remedial investigation and feasibility studies being conducted during the 2015 biennium. Claims are anticipated under the Controlled Allocation of Liability Act (CALA) for two sites: the S&W Sawmill in Darby and the Joslyn Street Tailings in Helena.

DP 4004 - LUST Trust Cost Recovery Expenditures - The legislature approved state special revenue Leaking Underground Storage Tank (LUST) cost recovery shares to compensate for reductions in federal grants funds. The purpose of these expenditures is to continue the department's efforts to investigate and clean up petroleum releases from certain underground storage tanks to prevent human health and environmental impacts where the cleanup is not eligible for reimbursement from the petroleum tank release compensation fund. LUST trust cost recovery funds are monies from recalcitrant responsible parties that have reimbursed the department for expenditures to clean up certain petroleum release sites.

DP 4005 - Beal & Basin Reclamation Bond Expend BIEN/RST - The legislature approved funding from the Pegasus Beal Mountain and Basin forfeited reclamation bond moneys over the 2015 biennium. The funds are the remaining forfeited reclamation bond monies for the Beal and Basin mine sites and will be used to continue utilizing contracted services for ongoing reclamation activity. At Beal, these funds will supplement Forest Service expenditures for site maintenance and water monitoring needs. At the Basin site, these funds will be used to reclaim abandoned mine infrastructure and conduct site maintenance to supplement EPA expenditures at the regional mine waste repository located at the former mine site.

DP 4006 - Remediation Division Additional Leased Vehicle - The legislature approved federal funding for an additional vehicle to better access remote sites. In order to investigate and develop plans for reclamation, it is necessary to access off-road abandoned mines sites.

DP 4007 - Move Attorney from PGM 10 to PGM 40 - The legislature approved state special and federal special revenue for the transfer of an attorney from the Central Management Program to the Remediation Division. This transfer aligns the position with workload requirements. This is budget neutral and nets to \$0 across the two divisions.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 4010 - LUST Recovery Cost Expenditures (OTO)										
40	0.00	0	400,000	0	400,000	0.00	0	0	0	0
Total	0.00	\$0	\$400,000	\$0	\$400,000	0.00	\$0	\$0	\$0	\$0

DP 4010 - LUST Recovery Cost Expenditures OTO - The legislature approved \$400,000 from the orphan share account for FY 2014, for LUST recovery expenditures.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	207.14	207.14	209.14	209.14	207.14	209.14	2.00	0.97%
Personal Services	13,323,147	14,081,666	13,660,514	13,673,224	27,404,813	27,333,738	(71,075)	(0.26%)
Operating Expenses	8,441,458	11,112,640	13,051,359	12,944,747	19,554,098	25,996,106	6,442,008	32.94%
Equipment & Intangible Assets	60,755	90,872	101,740	101,740	151,627	203,480	51,853	34.20%
Grants	1,635,863	1,806,461	1,635,863	1,635,863	3,442,324	3,271,726	(170,598)	(4.96%)
Transfers	23,034	22,832	23,034	23,034	45,866	46,068	202	0.44%
Total Costs	\$23,484,257	\$27,114,471	\$28,472,510	\$28,378,608	\$50,598,728	\$56,851,118	\$6,252,390	12.36%
General Fund	1,736,659	1,742,085	1,768,951	1,770,115	3,478,744	3,539,066	60,322	1.73%
State Special	15,313,001	18,498,895	20,068,931	19,981,250	33,811,896	40,050,181	6,238,285	18.45%
Federal Special	6,434,597	6,873,491	6,634,628	6,627,243	13,308,088	13,261,871	(46,217)	(0.35%)
Total Funds	\$23,484,257	\$27,114,471	\$28,472,510	\$28,378,608	\$50,598,728	\$56,851,118	\$6,252,390	12.36%

Program Description

The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 17 state regulatory and 5 related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety, and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws, and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, and when necessary recommends formal enforcement actions to the Enforcement Division. Activities are organized in the Air Resources Management Bureau (air); Industrial and Energy Minerals Bureau (coal, uranium, opencut); Environmental Management Bureau (hard rock, facility siting); Public Water and Subdivision Bureau (public water supply, subdivision and operator certification); Water Protection Bureau (water discharge); and Waste and Underground Tank Management Bureau (solid waste, junk vehicles, septage pumpers, hazardous waste, asbestos, underground storage tanks, and meth standards).

Program Highlights

Permitting and Compliance Division Major Budget Highlights	
♦	The legislatively approved budget increased by 12.36% primarily due to: <ul style="list-style-type: none"> Statewide present law adjustments \$2.5 million operations increase \$6.1 million for projects administered by the Hard Rock and Major Facility Siting Act (MFSA) for cost reimbursement projects, primarily for the Zortman/Landusky sites An additional 2.0 FTE and funding for an systems specialist and an opencut science specialist \$250,000 county air program funding increase \$62,400 from general fund for IEMB FileNet data storage
♦	These increases were partially offset by the application of an additional 2% vacancy savings that can be allocated among all divisions

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Permitting & Compliance Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$3,539,066	\$0	\$0	\$3,539,066	6.2%		
State Special Total	\$40,050,181	\$0	\$0	\$40,050,181	70.4%		
02036 Opencut Fees	\$817,213	\$0	\$0	\$817,213	1.4%		
02054 Ust-installer Lic & Permit Acc	\$97,334	\$0	\$0	\$97,334	0.2%		
02070 Hazardous Waste-cercla	\$716,826	\$0	\$0	\$716,826	1.3%		
02075 Ust Leak Prevention Program	\$38,538	\$0	\$0	\$38,538	0.1%		
02096 Reclamation - Bond Forfeitures	\$108,092	\$0	\$0	\$108,092	0.2%		
02157 Solid Waste Management Fee	\$1,156,444	\$0	\$0	\$1,156,444	2.0%		
02201 Air Quality-operating Fees	\$8,187,583	\$0	\$0	\$8,187,583	14.4%		
02202 Asbestos Control	\$520,886	\$0	\$0	\$520,886	0.9%		
02204 Public Drinking Water	\$1,695,073	\$0	\$0	\$1,695,073	3.0%		
02278 Mpdcs Permit Program	\$4,494,871	\$0	\$0	\$4,494,871	7.9%		
02418 Subdivision Plat Review	\$1,331,494	\$0	\$0	\$1,331,494	2.3%		
02420 Bd Of Cert For W&ww Op	\$293,437	\$0	\$0	\$293,437	0.5%		
02421 Hazardous Waste Fees	\$456,652	\$0	\$0	\$456,652	0.8%		
02428 Major Facility Siting	\$1,938,220	\$0	\$0	\$1,938,220	3.4%		
02472 Orphan Share Fund	\$500,000	\$0	\$0	\$500,000	0.9%		
02521 Pegasus Bankruptcy/operations	\$1,462,642	\$0	\$0	\$1,462,642	2.6%		
02576 Natural Resources Operations Ssr Fu	\$3,799,270	\$0	\$0	\$3,799,270	6.7%		
02579 Coal & Uranium Mine Account	\$579,526	\$0	\$0	\$579,526	1.0%		
02845 Junk Vehicle Disposal	\$3,842,332	\$0	\$0	\$3,842,332	6.8%		
02954 Septage Fees	\$134,764	\$0	\$0	\$134,764	0.2%		
02988 Hard Rock Mining Reclamation	\$7,878,984	\$0	\$0	\$7,878,984	13.9%		
Federal Special Total	\$13,261,871	\$0	\$0	\$13,261,871	23.3%		
03028 Ust Energy Policy Act Prov	\$392,000	\$0	\$0	\$392,000	0.7%		
03067 Dsl Federal Reclamation Grant	\$1,465,504	\$0	\$0	\$1,465,504	2.6%		
03107 National Park Service - Yellowstone	\$43,200	\$0	\$0	\$43,200	0.1%		
03152 Dw Srf Fy15 Grant	\$511,524	\$0	\$0	\$511,524	0.9%		
03243 Blm-armb 9/30/16	\$91,414	\$0	\$0	\$91,414	0.2%		
03262 Epa Ppg	\$6,023,978	\$0	\$0	\$6,023,978	10.6%		
03309 Ust Leak Prevention Grant	\$392,000	\$0	\$0	\$392,000	0.7%		
03325 Pm 2.5 To 3/31/09	\$780,000	\$0	\$0	\$780,000	1.4%		
03326 Blm For Zortman & Landusky	\$744,926	\$0	\$0	\$744,926	1.3%		
03430 Dw Srf Fy14 Grant	\$810,428	\$0	\$0	\$810,428	1.4%		
03433 Epa Ppg Fy10-11	(\$1)	\$0	\$0	(\$1)	0.0%		
03436 Nps 09 Staffing & Support	\$98,791	\$0	\$0	\$98,791	0.2%		
03438 Brownsfield State Response	\$21,387	\$0	\$0	\$21,387	0.0%		
03595 Dw Srf Fy13	\$300,000	\$0	\$0	\$300,000	0.5%		
03691 Non Pt Source Staffing/support	\$98,791	\$0	\$0	\$98,791	0.2%		
03816 Doi Osm A&e Grant	\$1,466,542	\$0	\$0	\$1,466,542	2.6%		
03973 Brownfields Grants	\$21,387	\$0	\$0	\$21,387	0.0%		
Total All Funds	\$56,851,118	\$0	\$0	\$56,851,118	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded with general fund and a variety of state and federal special revenue sources. The general fund supports operating expenses.

State special revenue consists of forfeited hard rock reclamation bonds, and fees collected for various activities such as air permits, junk vehicle fines, public water supply connections, and subdivision reviews. These funds are used to administer related permits and compliance operations in the division. The division also receives Resource Indemnity Trust (RIT) interest, Resource Indemnity Ground Water Assessment (RIGWA) taxes, and metal mines and oil and gas taxes via the hazardous waste and natural resources operations funds.

Federal special revenue sources include the Environmental Protection Agency (EPA) and the Bureau of Land Management (BLM). Federal funds are directed toward specific sites or for primacy costs of the permitting programs.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,736,659	1,736,659	3,473,318	98.14%	23,484,257	23,484,257	46,968,514	82.62%
Statewide PL Adjustments	8,157	8,625	16,782	0.47%	816,265	830,644	1,646,909	2.90%
Other PL Adjustments	26,892	27,343	54,235	1.53%	4,222,249	4,221,885	8,444,134	14.85%
New Proposals	(2,757)	(2,512)	(5,269)	(0.15%)	(50,261)	(158,178)	(208,439)	(0.37%)
Total Budget	\$1,768,951	\$1,770,115	\$3,539,066		\$28,472,510	\$28,378,608	\$56,851,118	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	-----Fiscal 2014-----				-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,411,711					1,422,486
Vacancy Savings					(589,402)					(589,834)
Inflation/Deflation					(5,945)					(1,909)
Fixed Costs					(99)					(99)
Total Statewide Present Law Adjustments		\$8,157	\$636,033	\$172,075	\$816,265		\$8,625	\$647,564	\$174,455	\$830,644
DP 50 - Initial Motion to FY 2012 Base	0.00	(8,157)	(636,033)	(172,075)	(816,265)	0.00	(8,625)	(647,564)	(174,455)	(830,644)
DP 51 - Adjustment for Statewide Personal Services	0.00	8,774	639,375	174,160	822,309	0.00	9,075	648,374	175,203	832,652
DP 52 - Adjustment for Statewide Operations	0.00	(617)	(3,342)	(2,085)	(6,044)	0.00	(450)	(810)	(748)	(2,008)
DP 5001 - Permitting & Compliance Division Operations Adjust	0.00	24,947	990,640	256,871	1,272,458	0.00	24,947	989,202	256,871	1,271,020
DP 5002 - Hard Rock Reclamation/MFSA Projects (RST/BIEN)	0.00	0	2,812,946	0	2,812,946	0.00	0	2,812,946	0	2,812,946
DP 5003 - County Air Program Funding Increase	0.00	0	125,000	0	125,000	0.00	0	125,000	0	125,000
DP 5004 - Permitting & Compliance Division Leased Vehicles	0.00	1,945	6,691	3,209	11,845	0.00	2,396	7,143	3,380	12,919
Total Other Present Law Adjustments	0.00	\$26,892	\$3,935,277	\$260,080	\$4,222,249	0.00	\$27,343	\$3,934,291	\$260,251	\$4,221,885
Grand Total All Present Law Adjustments	0.00	\$35,049	\$4,571,310	\$432,155	\$5,038,514	0.00	\$35,968	\$4,581,855	\$434,706	\$5,052,529

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 5001 - Permitting & Compliance Division Operations Adjust - The legislature approved general fund, state special, and federal special revenue to bring funding to the FY 2012 appropriated level. Reduced base year expenditures are primarily due to staff vacancies, which led to reduced operating expenditures for activities including inspections, compliance work and permit review. Additionally, several staff were assigned to the Yellowstone oil spill response and charged their time there, the costs of which were reimbursed by Exxon Mobile.

DP 5002 - Hard Rock Reclamation/MFSA Projects RST/BIEN - The legislature approved state special revenue, primarily from the major facility siting and hard rock mining reclamation accounts, for projects administered by the Hard Rock and Major Facility Siting Act Programs (MFSA). Hard rock mining reclamation authority will be used for operation and maintenance of the Zortman/Landusky mine site and the funding will come from the hard rock mining reclamation fund. MFSA budget authority will be used for cost reimbursement projects for MFSA analysis of project applications that arise during the 2015 biennium. Bond forfeitures and settlements over the course of the biennium will be used for reclamation of specific mine sites and funded by settlement agreements or by forfeitures of various reclamation surety bonds.

DP 5003 - County Air Program Funding Increase - The legislature added funding from the air quality operating fees account for county air quality programs to keep pace with inflation as well as for increased workload related to air quality within the division. County air quality programs conduct monitoring, permitting, and/or compliance activities either on behalf of or in lieu of the department. Federal grant funding typically passed through to counties has not increased, nor has it kept up with inflation and workload. County air quality programs have not received an increase in state assistance since the year 2000.

DP 5004 - Permitting & Compliance Division Leased Vehicles - The legislature approved general fund, state special, and federal special revenue for leased vehicles in the Permitting and Compliance Division. The funding includes five SUVs-two replacing vehicles currently rented and three replacing division owned vehicles that have excessive miles and wear. Due to location, the MDT motor pool is not an available option. The vehicles are required for inspections and site visits.

New Proposals

-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
50	0.00	(33,957)	(290,347)	(232,124)	(556,428)	0.00	(33,712)	(281,120)	(242,060)	(556,892)
DP 5005 - Zortman/Landusky Additional Funding (OTO/RST/BIEN)										
50	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 5006 - Opencut Mining Program Database (OTO/REST/BIEN)										
50	0.00	0	100,000	0	100,000	0.00	0	0	0	0
DP 5007 - IEMB (Coal and Opencut) Systems Specialist (OTO)										
50	1.00	0	81,753	0	81,753	1.00	0	77,298	0	77,298
DP 5008 - Opencut Science Specialist (OTO)										
50	1.00	0	43,214	0	43,214	1.00	0	40,216	0	40,216
DP 5009 - IEMB FileNet Data Storage										
50	0.00	31,200	0	0	31,200	0.00	31,200	0	0	31,200
Total	2.00	(\$2,757)	\$184,620	(\$232,124)	(\$50,261)	2.00	(\$2,512)	\$86,394	(\$242,060)	(\$158,178)

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 5005 - Zortman/Landusky Additional Funding OTO/RST/BIEN - The legislature approved a one-time-only, restricted amount of \$250,000 per year from the orphan share account for site reclamation and water treatment projects at the Zortman and Landusky mine sites. If federal funds are received to help meet the annual shortfall in operating costs for the wastewater treatment plants at Zortman-Landusky, this general fund spending authority will be reduced by the same amount. Annual site operating costs are approximately \$2.5 million, over triple the amount of the water treatment bond that is available annually. Costs also have increased substantially due to weather patterns and increasing costs of water treatment inputs such as lime, fuel, electricity, and labor.

DP 5006 - Opencut Mining Program Database OTO/REST/BIEN - The legislature approved \$100,000, all from the opencut fee account, to replace an existing Access 2003 database that does not properly support the program's business processes. In 2014, Access 2003 will no longer be supported by Microsoft.

DP 5007 - IEMB (Coal and Opencut) Systems Specialist OTO - The legislature approved funding from the opencut fees and coal and uranium mine accounts for 1.00 FTE to support the development and maintenance of system tools in support of coal and open cut mining regulatory programs.

DP 5008 - Opencut Science Specialist OTO - The legislature approved partial funding from the opencut fees accounts for an additional FTE to perform permit review, compliance assistance, inspections, and bond release for the opencut mining program.

DP 5009 - IEMB FileNet Data Storage - The legislature approved general fund to cover additional costs of FileNet data storage. Storage charges have increased 600% in this program due to increased use and an eroding rate base for FileNet among state agencies.

Language and Statutory Authority

The legislature approved the following language in HB 2.

"Permitting and Compliance Division includes a reduction in general fund of \$33,957 in fiscal year 2014 and \$33,712 in fiscal year 2015, state special revenue of \$290,347 in fiscal year 2014 and \$281,120 in fiscal year 2015, and federal special revenue of \$232,124 in fiscal year 2014 and \$242,060 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

"If federal funds are received to help meet the annual shortfall in operating and maintenance costs at the Zortman-Landusky mine sites, this orphan share spending authority will be reduced by the same amount."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	6.10	6.10	6.10	6.10	6.10	6.10	0.00	0.00%
Personal Services	385,201	411,405	359,994	359,924	796,606	719,918	(76,688)	(9.63%)
Operating Expenses	206,673	294,722	258,058	258,118	501,395	516,176	14,781	2.95%
Total Costs	\$591,874	\$706,127	\$618,052	\$618,042	\$1,298,001	\$1,236,094	(\$61,907)	(4.77%)
State Special	591,874	706,127	618,052	618,042	1,298,001	1,236,094	(61,907)	(4.77%)
Total Funds	\$591,874	\$706,127	\$618,052	\$618,042	\$1,298,001	\$1,236,094	(\$61,907)	(4.77%)

Program Description

The Petroleum Tank Release Compensation Board is responsible for administering the petroleum tank release cleanup fund. This includes reimbursement to petroleum storage tank owners and operators for corrective action costs and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board is responsible for responding to and working with private individuals, corporations, other state agencies, the Governor's Office, the legislature, federal agencies, and other interested parties with activities relative to petroleum storage tanks. It is attached to the DEQ for administrative purposes.

Program Highlights

Petro Tank Release Compensation Board Major Budget Highlights	
♦	The legislatively approved budget decreased by 4.77% from the 2013 biennium due to the net of statewide present law adjustments and an increase in operating expenditures

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Environmental Quality Funding by Source of Authority 2015 Biennium Budget - Petro Tank Release Comp. Board							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$1,236,094	\$0	\$7,963,076	\$9,199,170	100.0%		
02058 Petroleum Storage Tank Cleanup	\$1,236,094	\$0	\$7,963,076	\$9,199,170	100.0%	75-11-313 Pass Thru	
Total All Funds	\$1,236,094	\$0	\$7,963,076	\$9,199,170	100.0%		
Percent - Total All Sources	13.4%	0.0%	86.6%				

The program is funded entirely through a portion of the \$0.0075 fee on gasoline, diesel, heating oil, and aviation fuel distributed in Montana. The fund is fiscally stable and is expected to have an ending balance of 69.8% of FY 2015 expenditures.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	591,874	591,874	1,183,748	95.77%
Statewide PL Adjustments	0	0	0	0.00%	(25,172)	(25,182)	(50,354)	(4.07%)
Other PL Adjustments	0	0	0	0.00%	51,350	51,350	102,700	8.31%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$618,052	\$618,042	\$1,236,094	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				Total Funds
	General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(10,208)					(10,280)
Vacancy Savings				(14,999)					(14,997)
Inflation/Deflation				35					95
Total Statewide Present Law Adjustments	\$0	(\$25,172)	\$0	(\$25,172)	\$0	(\$25,182)	\$0	(\$25,182)	
DP 50 - Initial Motion to FY 2012 Base	0.00	25,172	0	25,172	0.00	0	25,182	0	25,182
DP 51 - Adjustment for Statewide Personal Services	0.00	0	0	(25,207)	0.00	0	(25,277)	0	(25,277)
DP 52 - Adjustment for Statewide Operations	0.00	0	0	35	0.00	0	95	0	95
DP 9001 - Petro Board Staff Operating Adjustments	0.00	0	0	51,350	0.00	0	51,350	0	51,350
Total Other Present Law Adjustments	0.00	\$0	\$51,350	\$51,350	0.00	\$0	\$51,350	\$0	\$51,350
Grand Total All Present Law Adjustments	0.00	\$0	\$26,178	\$26,178	0.00	\$0	\$26,168	\$0	\$26,168

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 9001 - Petro Board Staff Operating Adjustments - The legislature approved funding from the petroleum storage tank cleanup account for operating adjustments, including anticipated legal services, computer replacement on a five-year schedule, and an indirect rate adjustment on personal services.

Language and Statutory Authority

The legislature approved the following language in HB 2.

"The department is appropriated up to \$1,000,000 of the funds recovered under the petroleum tank compensation board subrogation program in the 2015 biennium for the purpose of paying contract expenses related to the recovery of funds."

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	2,111.26	2,111.26	2,129.26	2,129.26	2,111.26	2,129.26	18.00	0.85%
Estimated Impact of HB 2*			(87.93)	(87.93)		(87.93)	(87.93)	
Net Estimated FTE*			2041.33	2041.33		2041.33	(69.93)	
Personal Services	135,664,992	149,304,587	141,983,925	142,137,313	284,969,579	284,121,238	(848,341)	(0.30%)
Operating Expenses	464,815,199	515,749,160	473,009,105	467,557,879	980,564,359	940,566,984	(39,997,375)	(4.08%)
Equipment & Intangible Assets	5,211,589	3,983,540	5,415,397	5,276,589	9,195,129	10,691,986	1,496,857	16.28%
Capital Outlay	8,469,285	30,763,403	19,754,763	19,655,763	39,232,688	39,410,526	177,838	0.45%
Grants	26,917,961	23,539,731	30,910,271	30,728,271	50,457,692	61,638,542	11,180,850	22.16%
Benefits & Claims	1,250	1,500	1,250	1,250	2,750	2,500	(250)	(9.09%)
Transfers	1,565,952	1,834,501	2,260,952	1,985,952	3,400,453	4,246,904	846,451	24.89%
Debt Service	151,412	151,414	151,412	151,412	302,826	302,824	(2)	0.00%
Total Costs	\$642,797,640	\$725,327,836	\$673,487,075	\$667,494,429	\$1,368,125,476	\$1,340,981,504	(\$27,143,972)	(1.98%)
State Special	226,716,607	267,661,094	245,952,786	240,825,250	494,377,701	486,778,036	(7,599,665)	(1.54%)
Federal Special	416,081,033	457,666,742	427,534,289	426,669,179	873,747,775	854,203,468	(19,544,307)	(2.24%)
Total Funds	\$642,797,640	\$725,327,836	\$673,487,075	\$667,494,429	\$1,368,125,476	\$1,340,981,504	(\$27,143,972)	(1.98%)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

The mission of the Montana Department of Transportation (MDT) is to serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality, and sensitivity to the environment.

MDT is the agency responsible for administering the multimodal transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways. It is responsible for collecting and distributing highway user fees and fuel taxes. The department enforces state and federal laws for commercial motor carriers and registers interstate fleet vehicles. The department also facilitates the operation and infrastructure of airports and airways in Montana, registers aircraft and pilots, and maintains several state-owned airports. The department represents Montana interests in railroad planning issues and supports local entities in overall transportation planning and transit assistance.

The Department of Transportation constructs and maintains the state highway infrastructure. The department also provides for the other aspects of a statewide multimodal transportation system through:

- Aeronautics safety protection and promotion
- General aviation airport planning, promotion, and maintenance facilitation
- Rail infrastructure coordination, monitoring, and planning
- Highway traffic safety promotion, planning, and administration
- Vehicle weight and dimension permitting and law enforcement
- Transit assistance

The five-member transportation commission, whose members are appointed by the Governor, establishes department priorities and apportions funding among the five state financial districts according to statutory guidelines, department recommendations, and community input. The nine-member Board of Aeronautics, whose members are appointed by the Governor, establishes priorities for department aeronautics activities.

The department provides the above services through the following programs:

- General Operations Program
- Construction Program
- Maintenance Program

- State Motor Pool (entirely funded with non-budgeted proprietary funds)
- Equipment Program (entirely funded with non-budgeted proprietary funds)
- Motor Carrier Services Division
- Aeronautics Program (a portion of this program is funded with non-budgeted proprietary funds)
- Rail, Transit, and Planning Division

Agency Highlights

Department of Transportation Major Budget Highlights	
<ul style="list-style-type: none"> ◆ The Department of Transportation budget is funded with 36% state special revenue funds and 64% federal funds, and includes no general fund ◆ An estimated 50% of the budget funds contracts for highway construction projects ◆ The MDT budget is a reduction of 2.0% in total funds ◆ Federal funds are appropriated at \$19.5 million lower than the prior biennium due to: <ul style="list-style-type: none"> • The reduction is related to the ending of American Recovery and Relief Act funding • Federal funding under the new federal surface transportation act (MAP 21) is expected to be consistent with previous funding levels ◆ The legislature appropriated less state special revenues than the 2013 biennium <ul style="list-style-type: none"> ▪ 100% state funded construction program is budgeted at \$33.5 million ◆ The legislature approved two agency wide budget items: <ul style="list-style-type: none"> ▪ Equipment rentals program, agency wide biennial reductions of \$1.1 million ▪ Overtime and differential pay, agency wide biennial funding of \$11.6 million (costs that are not carried forward in the base budget) ◆ The legislature approved an additional 18.00 FTE, which include: <ul style="list-style-type: none"> ▪ 5.00 FTE in the Maintenance Program ▪ 11.00 FTE in the Motor Carrier Program (7 FTE funded with federal special revenue) ▪ 2.00 FTE in the Rail, Transit, and Planning Program ◆ An additional 2% of vacancy savings is applied to the budget, resulting in total vacancy savings of 6% ◆ The budget includes funding for increased planning activities related to MAP 21, the new federal surface transportation funding legislation ◆ Specific funding is provided for the Rail Service Competition Council ◆ Emergency medical services grants are increased by \$100,000 per year 	

Summary of Legislative Action

The legislature approved a total fund budget that is reduced by \$27.1 million, or 2.0% from the 2013 biennium and reflects the completion of additional federal funded projects from the American Relief and Recovery Act of 2009 and a more historical rate of funding in the 100% state funded construction program. The legislature added \$5.0 million in appropriations to the 100% state funded construction program, increasing the biennial level of funding from \$28.5 million to \$33.5 million. The MDT budget does not include any appropriations from the general fund.

The legislature took several actions that impacted the MDT personal services budget and resulted in a reduction of 0.3% in personal service costs. The legislature approved an increase in staffing levels of 18.00 FTE, based upon projected activities. Increases in the personal services budget are offset by the legislatively imposed additional 2% vacancy

savings, which reduced costs by \$5.8 million in total funds over the biennium. The legislature approved HB 13, the state employee pay plan, but the amounts are not included in the tables since the Governor's Office will have the discretion and oversight of allocating the appropriations.

The legislature also reviewed and when necessary approved changes to three non-budgeted proprietary programs within MDT. The rates of the motor pool program were approved with a rate reduction for the 2015 biennium. The reduction primarily reflects an anticipated reduced fuel cost. The equipment program, a strictly internal program that is not used by any outside entity, will provide reduced user rates, which are likewise tied to the reductions in anticipated fuel costs. The third proprietary program, the West Yellowstone Airport program, receives operating revenues through facility leases and fees. Some of the rents and fees will increase slightly in the 2015 biennium. Coupled with reductions in operating expenditures, the program will have an adequate 60 day working capital balance in the enterprise fund.

Boilerplate

The boilerplate section in HB 2 includes the following language:

"It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium."

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 87.93 FTE for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Agency Discussion

Montana has a vast network of highways that plays a major role in Montana's transportation needs. Montana has nearly 70,000 centerline miles of public roads, of which the department has responsibility for nearly 11,000. The remaining miles are mostly rural and municipal roads maintained by local governments or private citizens. The legislature provides roughly \$1.3 billion in the 2015 biennium to maintain, rebuild, and operate the 11,000 miles of paved roads under its responsibility. To a large extent, funding to support construction activities comes from federal funding, 63.7%, with state matching funds from the highways state special revenue account. The state special revenue account also supports highway maintenance and operation costs that are important in keeping the highways in good repair and safe for the traveling public. Because of the strong reliance on highways state special revenue funding, the legislature pays a particular interest in this funding source. Among other things, the legislature includes estimates of the three most dominant revenue sources for the account in its revenue estimates of key non-general fund sources (SJ 2 in the 2013 Legislative Session). The following provides a summary of the two accounts that make up the highways state special revenue account: the restricted account funded with revenues that are protected by the state constitution (HSRA-R) and the nonrestricted account funded with revenues that are not constitutionally protected (HSRA-NR).

Sources of Revenue

The Constitution of the State of Montana states that revenues from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways are to be used solely for paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs. Constitutionally protected revenues, estimated to be \$579.1 million in the 2015 biennium, are deposited in HSRA-R and expended for purposes specified in the constitution. Nonrestricted revenues are derived from special use permits and motor fuel penalties and interest payments, estimated to be \$19.5 million in the 2015 biennium, and are deposited in HSRA-NR and expended for other purposes not restricted by the constitution.

Expenditures

The highway state special revenue funds are used to finance components of the Department of Justice (DOJ) budget

(principally the budget of the highway patrol), capital projects for the Department of Fish, Wildlife, and Parks (parks roads), statutory appropriations in MDT (fuel tax distributions to local governments and highway construction debt service), capital projects for MDT, and the MDT budget contained in HB 2. To illustrate the importance of the HSRA-R, \$459.7 million or 94.4% of the MDT state special revenue appropriations included in HB 2 are directed from the fund in the 2015 biennium. When combined with the HSRA-NR, HB 2 state special appropriations from the funds are 98.3% of the total appropriations. To provide a working capital analysis that is as accurate as possible, the estimated HB 13 costs associated with the HSRA funds have been included in the calculation. To estimate the impact to the funds, assumptions included the provision of a 3% pay increase on the base salaries attributed to the funds. The first increase is assumed to occur on October 1, 2013 and the second on July 1, 2014. Health insurance benefits are increased, in fiscal year terms, at the beginning of each fiscal year of the biennium. HB 13 impacts were calculated for MDT and DOJ, and do not include raises for the highway patrol, whose raises were included in the HB 2 budget. The HB 13 impacts are not certain, given that the legislation allows the Governor's Office to allocate lump sums among agencies, and as a result there is a likelihood that the amounts included in the working capital analysis will change.

Highways State Special Revenue Account Working Capital Analysis

Estimated Working Capital Balance			
Highways Special Revenue Accounts (02422 and 02349)			
Fiscal Years 2013 - 2015			
Description	FY 2013 Approp.	FY 2014 Approp.	FY 2015 Approp.
<u>Combined Account (\$ in Millions)</u>			
Beginning Balance	\$68.4	\$29.1	\$24.2
Revenues	297.7	297.7	300.9
Expenditures	(337.0)	(307.4)	(294.2)
Revenues less Expenditures	(39.3)	(9.7)	6.7
Adjustments	0.0	0.0	0.0
Anticipated Reversions	0.0	4.8	0.0
Ending Combined Working Capital Balance	\$29.1	\$24.2	\$30.9
<u>Restricted Account - 02422 (\$ Millions)</u>			
Beginning Working Capital Balance	\$68.3	\$26.4	\$22.1
Revenues ¹			
Gasoline Tax	131.2	131.7	132.2
Diesel Tax	73.3	75.3	77.3
Gross Vehicle Weight Fees (GVW)	25.1	25.5	26.0
Federal Indirect Cost Recovery ²	50.7	47.5	47.4
Other Revenues	8.1	8.1	8.1
Total Revenues	288.4	288.1	291.0
Expenditures			
Montana Department of Transportation (MDT)			
MDT Statutory Appropriations	(16.8)	(17.4)	(17.4)
MDT - HB 2 and HB 13 ³	(274.9)	(234.0)	(231.9)
Non-Budgeted	(1.1)	0.0	0.0
Total MDT	(292.8)	(251.4)	(249.3)
Other Highway Special Revenue Appropriations			
Department of Justice (DOJ) - HB 2 and HB 13 ³	(31.5)	(35.0)	(35.1)
MDT Long-Range Information Technology Projects (HB 10)	0.0	(2.0)	0.0
Parks Program (FWP) Long-Range Building Projects (HB 5)	(2.0)	(1.5)	0.0
MDT Long-Range Building Projects (HB 5)	(4.1)	(7.3)	0.0
Total Expenditures	(330.3)	(297.2)	(284.4)
Revenues Less Expenditures	(41.9)	(9.1)	6.6
Adjustments	0.0	0.0	0.0
Anticipated Reversions	0.0	4.8	0.0
Ending Working Capital Balance	\$26.4	\$22.1	\$28.7
<u>Nonrestricted Account - 02349 (\$ in Millions)</u>			
Beginning Working Capital Balance	\$0.1	\$2.7	\$2.1
Revenues			
GVW ¹	8.9	9.2	9.5
Other Revenues	0.4	0.4	0.4
Total Revenues	9.3	9.6	9.9
Expenditures			
Statutory Transfer to Noxious Weed SS Revenue Account	(0.1)	(0.1)	(0.1)
MDT - HB 2 and HB 13 ³	(6.3)	(9.5)	(9.2)
DOJ - HB 2 and HB 13 ³	(0.3)	(0.5)	(0.5)
Parks Program (FWP) Grant (HB 5)	0.0	(0.1)	0.0
Total Expenditures	(6.7)	(10.2)	(9.8)
Revenues Less Expenditures	2.6	(0.6)	0.1
Adjustments	0.0	0.0	0.0
Anticipated Reversions	0.0	0.0	0.0
Ending Working Capital Balance	\$2.7	\$2.1	\$2.2
<u>Sources and Assumptions</u>			
¹ SJ 2			
² Federal indirect cost rate for the 2015 biennium is 11.08%			
³ HB 13 estimates based on 3% increases to base salary for FY 2014, beginning Oct. 2013, and FY 2015 plus health care as allocated to HSRA funds and are subject to change			

Analysis Results

The working capital figure above shows the result of a working capital analysis of the highways state special revenue account. The figure shows individual and combined balances for the restricted and nonrestricted accounts. When looking at the combined funds, revenues exceed expenditures by \$6.7 million in the 2015 biennium, and as such the funds are structurally balanced. The calculation includes one adjustment from a reversion expected at the end of the 2013 biennium and will have a positive estimated impact of \$4.8 million in FY 2014. The individual estimated working capital analyses show working capital balances of \$28.7 million and \$2.2 million, for the restricted and nonrestricted funds respectively, by the end of the 2015 biennium. The agency requests a working capital balance of at least \$20 million in the restricted fund for the purpose of cash flowing road projects. This is a concern because the federal funding of highway and road construction is provided on a reimbursement basis. The estimate for the working capital balance meets that standard in both fiscal years of the 2015 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$0	\$0	\$0	\$0	0.0%
State Special Total	486,778,036	-	42,965,452	529,743,488	35.7%
Federal Special Total	854,203,468	-	31,001,851	885,205,319	59.7%
Proprietary Total	-	68,176,949	-	68,176,949	4.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$1,340,981,504</u>	<u>\$68,176,949</u>	<u>\$73,967,303</u>	<u>\$1,483,125,756</u>	
Percent - Total All Sources	90.4%	4.6%	5.0%		

The department is funded from a combination of state special revenue and federal special revenue. State special revenue can be grouped into two general categories: 1) those that are protected by the state constitution; and 2) those that are not. In the base and for the 2015 biennium all highway construction expenditures from state funds are accounted for in the highways state special revenue restricted account, which is used as the match for federal funding of the department.

Restricted revenues are from:

- o Gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways

They can only be used for:

- o Paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs

A diversion of funds to other purposes can only be done through a 3/5th vote of the members of each chamber of the legislature.

Non-restricted revenues are derived from:

- o Special use permits and motor fuel penalties and interest payments

They can be used for:

- o Any purpose for which the legislature sees fit

Federal Aid Highway Funding

Federal aid for highway construction is primarily realized from the distribution of revenue derived from federal excise taxes on motor fuels and other transportation products, such as heavy truck tires. Montana has historically received significantly more federal-aid highway construction funds than are collected in federal motor fuels excise taxes from Montana sources. Montana receives more than \$2.20 of federal funding for highways for every \$1.00 collected in the state and sent to the federal highway trust fund. In the 2015 biennium, federal funds will support 63.7% of the total MDT budget and the primary source of federal funds comes through the federal highway trust fund. In the 2015 biennium, the appropriations related to the federal highway trust fund are \$845.5 million or 99.0% of total federal funds in the agency.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	642,797,640	642,797,640	1,285,595,280	95.87%
Statewide PL Adjustments	0	0	0	0.00%	2,938,864	2,901,525	5,840,389	0.44%
Other PL Adjustments	0	0	0	0.00%	24,407,303	23,894,083	48,301,386	3.60%
New Proposals	0	0	0	0.00%	3,343,268	(2,098,819)	1,244,449	0.09%
Total Budget	\$0	\$0	\$0		\$673,487,075	\$667,494,429	\$1,340,981,504	

Other Legislation

HB 4 – This legislation provides FY 2013 appropriations for federal funds known at the time of the legislative session and for the continuation of federal authority that is not expected to be fully committed in FY 2013. New federal special revenue fund appropriations include \$29.7 million for emergency relief funds and \$9.0 million for the Yellowstone international airport interchange development.

HB 5 – This legislation includes two projects for MDT with appropriations that total \$7.3 million. The largest of the projects, an appropriation to the Department of Administration in the amount of \$5.2 million, will fund construction of four new buildings across the state for upgraded maintenance, vehicle storage, and office spaces. The second project provides an appropriation of \$2.1 million to MDT for statewide facility maintenance and upgrades, as well as the construction of vehicle sheds.

HB 10 – This legislation provides an appropriation of \$2.0 million of state special revenue for the Department of Transportation to replace the current maintenance management system (MMS) developed in the 1980's. Replacing the current system with a full-featured MMS is expected to improve timeliness, accuracy of data collection and employee efficiency. The new system would also support all of the maintenance programs within the division, in addition to the current support of the general maintenance operations.

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	2,111.26	2,129.26	2,129.26	0.00	2,129.26	2,129.26	0.00	
Estimated Impact of HB 2*			(87.93)	(87.93)		(87.93)	(87.93)	
Net Estimated FTE*			2041.33	(87.93)		2041.33	(87.93)	
Personal Services	135,664,992	144,860,391	141,983,925	(2,876,466)	145,017,104	142,137,313	(2,879,791)	(5,756,257)
Operating Expenses	464,815,199	467,957,627	473,009,105	5,051,478	467,396,442	467,557,879	161,437	5,212,915
Equipment & Intangible Assets	5,211,589	5,415,397	5,415,397	0	5,276,589	5,276,589	0	0
Capital Outlay	8,469,285	19,754,763	19,754,763	0	19,655,763	19,655,763	0	0
Grants	26,917,961	30,810,271	30,910,271	100,000	30,628,271	30,728,271	100,000	200,000
Benefits & Claims	1,250	1,250	1,250	0	1,250	1,250	0	0
Transfers	1,565,952	2,260,952	2,260,952	0	1,985,952	1,985,952	0	0
Debt Service	151,412	151,412	151,412	0	151,412	151,412	0	0
Total Costs	\$642,797,640	\$671,212,063	\$673,487,075	\$2,275,012	\$670,112,783	\$667,494,429	(\$2,618,354)	(\$343,342)
State/Other Special	226,716,607	242,820,702	245,952,786	3,132,084	242,585,380	240,825,250	(1,760,130)	1,371,954
Federal Special	416,081,033	428,391,361	427,534,289	(857,072)	427,527,403	426,669,179	(858,224)	(1,715,296)
Total Funds	\$642,797,640	\$671,212,063	\$673,487,075	\$2,275,012	\$670,112,783	\$667,494,429	(\$2,618,354)	(\$343,342)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget for MDT is a net biennium reduction of \$343,342 from the executive proposal. The changes to the biennial budget include:

- Increase of \$5.0 million in the 100% state funded construction program
- Increase of \$100,000 per year in the Emergency Medical Services grant program in the Rail, Transit, and Planning Division
- Increase of \$50,000 per year for the Rail Service Competition Council through the Rail, Transit, and Planning Division
- Reduction of \$5.7 million with the adoption of an additional 2% vacancy savings, \$4.0 million in state special revenue and \$1.7 million in federal special revenue
- Rejection of funding for site monitoring and cleanup planning at the Lincoln airport - (\$110,000)
- Fixed cost adjustments - \$340,639
- Rejection of the Professional Development Center request - (\$117,724)

Language and Statutory Authority

The legislature approved the following language in HB 2.

"General Operations Program includes a reduction in state special revenue of \$2,019,394 in fiscal year 2014 and \$2,021,567 in fiscal year 2015 and federal special revenue of \$857,071 in fiscal year 2014 and \$858,224 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

"The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue funds if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program."

"All appropriations in the department are biennial."

"All remaining federal pass-through grant appropriations for highway traffic safety, including reversions for the 2013 biennium, are authorized to continue and are appropriated in FY 2014 and FY 2015."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	186.37	186.37	186.37	186.37	186.37	186.37	0.00	0.00%
Personal Services	11,598,457	15,030,406	10,558,961	10,563,249	26,628,863	21,122,210	(5,506,653)	(20.68%)
Operating Expenses	11,820,138	11,643,503	12,751,437	12,509,642	23,463,641	25,261,079	1,797,438	7.66%
Equipment & Intangible Assets	5,287	63,253	5,287	5,287	68,540	10,574	(57,966)	(84.57%)
Grants	360,666	428,064	360,666	360,666	788,730	721,332	(67,398)	(8.55%)
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	151,412	151,414	151,412	151,412	302,826	302,824	(2)	0.00%
Total Costs	\$23,935,960	\$27,316,640	\$23,827,763	\$23,590,256	\$51,252,600	\$47,418,019	(\$3,834,581)	(7.48%)
State Special	22,477,591	25,148,228	23,544,181	23,307,456	47,625,819	46,851,637	(774,182)	(1.63%)
Federal Special	1,458,369	2,168,412	283,582	282,800	3,626,781	566,382	(3,060,399)	(84.38%)
Total Funds	\$23,935,960	\$27,316,640	\$23,827,763	\$23,590,256	\$51,252,600	\$47,418,019	(\$3,834,581)	(7.48%)

Program Description

The General Operations Program provides overall policy direction and management to the agency, administers motor fuel taxes, and provides administrative support services for the department, including general administration and management, accounting and budgeting, public affairs, information technology services, human resources activities, compliance review, and goods and services procurement.

Program Highlights

General Operations Program Major Budget Highlights	
◆	Personal service reductions are related to the legislatively imposed additional 2% vacancy savings
◆	Operating expenses increase by \$1.8 million <ul style="list-style-type: none"> Fixed cost adjustments are responsible for over half of the 7.7% increase in operating expenses
◆	Federal funds are reduced by \$1.3 million or 37.1% from the 2013 biennium due to a decentralization of federal training grants and reduced funding of grant awards

Program Narrative

The General Operations Program will be reduced by 7.5% in the 2015 biennium from the 2013 biennium level, which is primarily related to the addition of 2% vacancy savings imposed on most agencies. For MDT, the vacancy savings amounted to a total of \$5.8 million. The full reduction is contained in this program and included in the table above, and language included in HB 2 allows MDT to allocate the reduction across programs as needed. The program also includes reductions in federal funding above the vacancy savings related to two changes: 1) in past biennia federal training grant expenditures were centralized in the program, and those funds will now be appropriated directly to the benefiting programs; and 2) the funding from the federal government for two grant programs, the On the Job Training and Disadvantaged Business Enterprises Grants, were less than anticipated by the 2011 Legislature.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - General Operations Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$46,851,637	\$0	\$41,557,452	\$88,409,089	99.4%	18-11-112	Pass Thru
02301 Tribal Motor Fuels Admin.	\$0	\$0	\$82,610	\$82,610	0.1%	18-11-112	Pass Thru
02303 Tribal Motor Fuels Tax Acct	\$0	\$0	\$8,142,842	\$8,142,842	9.2%	15-70-101	Pass Thru
02422 Highways Special Revenue	\$46,851,637	\$0	\$33,332,000	\$80,183,637	90.1%		
Federal Special Total	\$566,382	\$0	\$0	\$566,382	0.6%		
03407 Highway Trust - Sp Rev	\$566,382	\$0	\$0	\$566,382	0.6%		
Total All Funds	\$47,418,019	\$0	\$41,557,452	\$88,975,471	100.0%		
Percent - Total All Sources	53.3%	0.0%	46.7%				

The General Operations Program is funded from the highways state special revenue fund and federal special revenue. The highways state special revenue fund receives revenue primarily from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, training, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	23,935,960	23,935,960	47,871,920	100.96%
Statewide PL Adjustments	0	0	0	0.00%	2,395,512	2,126,808	4,522,320	9.54%
Other PL Adjustments	0	0	0	0.00%	280,509	315,031	595,540	1.26%
New Proposals	0	0	0	0.00%	(2,784,218)	(2,787,543)	(5,571,761)	(11.75%)
Total Budget	\$0	\$0	\$0		\$23,827,763	\$23,590,256	\$47,418,019	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				2,359,015						2,366,938
Vacancy Savings				(558,174)						(558,484)
Inflation/Deflation				3,082						6,819
Fixed Costs				591,589						311,535
Total Statewide Present Law Adjustments	\$0	\$2,713,227	(\$317,715)	\$2,395,512		\$0	\$2,444,153	(\$317,345)	\$2,126,808	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(2,713,227)	317,715	(2,395,512)	0.00	0	(2,444,153)	317,345	(2,126,808)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	1,691,120	109,721	1,800,841	0.00	0	1,698,268	110,186	1,808,454
DP 52 - Adjustment for Statewide Operations	0.00	0	728,778	36,233	765,011	0.00	0	469,257	19,396	488,653
DP 53 - Base Funding Switch	0.00	0	463,669	(463,669)	0	0.00	0	446,927	(446,927)	0
DP 101 - Overtime/Differential	0.00	0	36,129	0	36,129	0.00	0	36,129	0	36,129
DP 102 - Equipment Rental	0.00	0	(460)	0	(460)	0.00	0	(297)	0	(297)
DP 107 - Credit Card Fees	0.00	0	62,000	0	62,000	0.00	0	96,000	0	96,000
DP 108 - Contract Increases	0.00	0	12,500	0	12,500	0.00	0	12,900	0	12,900
Total Other Present Law Adjustments	0.00	\$0	\$280,509	\$0	\$280,509	0.00	\$0	\$315,031	\$0	\$315,031
Grand Total All Present Law Adjustments	0.00	\$0	\$2,993,736	(\$317,715)	\$2,676,021	0.00	\$0	\$2,759,184	(\$317,345)	\$2,441,839

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 101 - Overtime/Differential - The legislature approved an increase in personal services costs to reestablish base year overtime and differential pay with associated benefits.

DP 102 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 107 - Credit Card Fees - The legislature approved an increase to credit card fees due to escalating volume of credit card transactions.

DP 108 - Contract Increases - The legislature approved an increase for the built-in maintenance increases associated with the Xerox contract and TEAMMATE software contract.

New Proposals

New Proposals		Fiscal 2014				Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	0	(2,019,394)	(857,072)	(2,876,466)	0.00	0	(2,021,567)	(858,224)	(2,879,791)
DP 106 - Small Business Enterprise										
01	0.00	0	92,248	0	92,248	0.00	0	92,248	0	92,248
Total	0.00	\$0	(\$1,927,146)	(\$857,072)	(\$2,784,218)	0.00	\$0	(\$1,929,319)	(\$858,224)	(\$2,787,543)

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 106 - Small Business Enterprise - The legislature approved additional funding in response to a federal directive that gives guidance to the Disadvantaged Business Enterprise, Small Business Element supportive services program.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	923.72	923.72	923.72	923.72	923.72	923.72	0.00	0.00%
Personal Services	63,336,896	68,400,681	66,827,805	66,919,871	131,737,577	133,747,676	2,010,099	1.53%
Operating Expenses	366,040,300	394,653,099	366,066,739	366,162,770	760,693,399	732,229,509	(28,463,890)	(3.74%)
Equipment & Intangible Assets	4,678,597	2,233,088	4,678,597	4,678,597	6,911,685	9,357,194	2,445,509	35.38%
Capital Outlay	8,467,785	30,450,603	19,753,263	19,654,263	38,918,388	39,407,526	489,138	1.26%
Grants	13,058,612	6,909,952	13,058,612	13,058,612	19,968,564	26,117,224	6,148,660	30.79%
Benefits & Claims	500	0	500	500	500	1,000	500	100.00%
Total Costs	\$455,582,690	\$502,647,423	\$470,385,516	\$470,474,613	\$958,230,113	\$940,860,129	(\$17,369,984)	(1.81%)
State Special	75,004,645	83,568,478	79,700,873	79,820,096	158,573,123	159,520,969	947,846	0.60%
Federal Special	380,578,045	419,078,945	390,684,643	390,654,517	799,656,990	781,339,160	(18,317,830)	(2.29%)
Total Funds	\$455,582,690	\$502,647,423	\$470,385,516	\$470,474,613	\$958,230,113	\$940,860,129	(\$17,369,984)	(1.81%)

Program Description

The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project designs, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is responsible for the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work is approved. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare.

Program Highlights

Construction Program Major Budget Highlights	
◆	The budget for this program in the 2015 biennium reduces appropriations by 1.8% from the 2013 biennium
◆	Total reductions from operating expenses are primarily related to completion of ARRA program work
◆	Although the budget is reduced from the appropriations of the 2013 biennium, it provides a 3.2% growth from the base
◆	The budget includes a present law, combined state and federal special revenue funded adjustment of \$22.5 million for right-of-way land acquisition

Program Narrative

The budget for the Construction Program is reduced by \$17.4 million, or 1.8%. The primary costs of the program are payments to contractors for road construction projects. In the base year, personal services are approximately 14% of the total budget and much of the remaining budget can be tied to highway construction projects. The significant amount of federal funding in the program supports construction projects on the interstate highway system. The reduction in operating expenses results from reduced contractor payments as MDT winds down the work resulting from the federal government's 2009 American Relief and Recovery Act (ARRA). While the budget is reduced from the 2013 biennium, it is an increase from the base expenditures of approximately 3.2% in both years of the biennium. Further adjustments are based on planned construction activities of the tentative construction plan (TCP) approved in November 2011, and

includes \$22.5 million in appropriations for right-of-way acquisition. While the TCP was updated in November 2012, the priorities and costs did not change substantially from the plan used in the development of the 2015 biennium budget.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Construction Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$159,520,969	\$0	\$200,000	\$159,720,969	16.4%		
02422 Highways Special Revenue	\$159,520,969	\$0	\$200,000	\$159,720,969	16.4%	15-70-101	Pass Thru
Federal Special Total	\$781,339,160	\$0	\$31,001,851	\$812,341,011	83.6%		
03407 Highway Trust - Sp Rev	\$781,339,160	\$0	\$31,001,851	\$812,341,011	83.6%	17-7-502	Direct
Total All Funds	\$940,860,129	\$0	\$31,201,851	\$972,061,980	100.0%		
Percent - Total All Sources	96.8%	0.0%	3.2%				

Costs eligible for reimbursement under the federal-aid construction program are funded with highways state special revenue funds and federal special revenue funds apportioned to Montana and distributed by the U.S. Department of Transportation. Construction design, construction, and construction management costs, as well as direct administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The program also provides a maintenance-of-effort highway construction program funded entirely with highways state special revenue. The primary sources of revenue for the highways state special revenue funds are highway-user fees derived from motor fuel taxes and gross vehicle weight fees.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	455,582,690	455,582,690	911,165,380	96.84%
Statewide PL Adjustments	0	0	0	0.00%	170,093	268,402	438,495	0.05%
Other PL Adjustments	0	0	0	0.00%	14,632,733	14,623,521	29,256,254	3.11%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$470,385,516	\$470,474,613	\$940,860,129	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				2,840,877						2,936,776
Vacancy Savings				(2,647,127)						(2,650,960)
Inflation/Deflation				(9,454)						(4,060)
Fixed Costs				(14,203)						(13,354)
Total Statewide Present Law Adjustments	\$0	\$1,539,438	(\$1,369,345)	\$170,093		\$0	\$1,594,825	(\$1,326,423)	\$268,402	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(1,539,438)	1,369,345	(170,093)	0.00	0	(1,594,825)	1,326,423	(268,402)
DP 51 - Adjustment to Statewide Personal Services	0.00	0	31,897	161,853	193,750	0.00	0	47,055	238,761	285,816
DP 52 - Adjustment for Statewide Operations	0.00	0	(3,895)	(19,762)	(23,657)	0.00	0	(2,867)	(14,547)	(17,414)
DP 53 - Base Funding Switch	0.00	0	1,511,436	(1,511,436)	0	0.00	0	1,550,637	(1,550,637)	0
DP 204 - Equipment Rental	0.00	0	(48,986)	(40,764)	(89,750)	0.00	0	(31,636)	(26,326)	(57,962)
DP 205 - Overtime/Differential	0.00	0	1,753,429	1,543,730	3,297,159	0.00	0	1,753,429	1,543,730	3,297,159
DP 206 - Licensing Fees	0.00	0	139,846	0	139,846	0.00	0	197,846	0	197,846
DP 208 - Right of Way Land Acquisition	0.00	0	1,312,501	9,972,977	11,285,478	0.00	0	1,300,987	9,885,491	11,186,478
Total Other Present Law Adjustments	0.00	\$0	\$3,156,790	\$11,475,943	\$14,632,733	0.00	\$0	\$3,220,626	\$11,402,895	\$14,623,521
Grand Total All Present Law Adjustments	0.00	\$0	\$4,696,228	\$10,106,598	\$14,802,826	0.00	\$0	\$4,815,451	\$10,076,472	\$14,891,923

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment to Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 204 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 205 - Overtime/Differential - The legislature approved an increase in personal services to reestablish base year overtime and differential pay with associated benefits.

DP 206 - Licensing Fees - The legislature approved an increase in state and federal special revenue authority for the increased costs of third party software licensing fees.

DP 208 - Right of Way Land Acquisition - The legislature approved restoration of the core federal aid program. The adjustment provides sufficient funding for right of way acquisitions expected for the 2015 biennium project schedule.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	765.67	765.67	770.67	770.67	765.67	770.67	5.00	0.65%
Personal Services	45,878,465	50,557,523	48,356,025	48,399,447	96,435,988	96,755,472	319,484	0.33%
Operating Expenses	79,068,886	98,776,819	84,117,159	79,405,923	177,845,705	163,523,082	(14,322,623)	(8.05%)
Equipment & Intangible Assets	423,744	1,622,412	438,744	423,744	2,046,156	862,488	(1,183,668)	(57.85%)
Capital Outlay	1,500	312,800	1,500	1,500	314,300	3,000	(311,300)	(99.05%)
Benefits & Claims	250	0	250	250	250	500	250	100.00%
Total Costs	\$125,372,845	\$151,269,554	\$132,913,678	\$128,230,864	\$276,642,399	\$261,144,542	(\$15,497,857)	(5.60%)
State Special	114,651,967	143,194,400	125,245,389	120,562,566	257,846,367	245,807,955	(12,038,412)	(4.67%)
Federal Special	10,720,878	8,075,154	7,668,289	7,668,298	18,796,032	15,336,587	(3,459,445)	(18.41%)
Total Funds	\$125,372,845	\$151,269,554	\$132,913,678	\$128,230,864	\$276,642,399	\$261,144,542	(\$15,497,857)	(5.60%)

Program Description

The Maintenance Program is responsible for the repair, maintenance and preservation of approximately 25,000 lane miles of roadways. Activities include but are not limited to: winter maintenance, reactive and preventive pavement preservation, pavement marking, signing, roadway striping, noxious weed control, traveler information, disaster and emergency services coordination, MDT's long range building program and state funded construction program, communications program, quality control, and any other necessary roadway and roadside repairs and maintenance. The Maintenance Program is authorized by 2-15-2501(1), MCA; Title 60, MCA, and 23 USC 116.

Program Highlights

Maintenance Program Major Budget Highlights	
♦	Total funds would decline by \$15.5 million, or 5.6% in the 2015 biennium compared to the 2013 biennium but is an increase from the base year
♦	Personal services would increase by 0.3% primarily due to the addition of 5.00 FTE
♦	Operating expenses include: <ul style="list-style-type: none"> ▪ Ongoing costs of a newly constructed rest area ▪ Maintenance costs for 49.1 miles of newly designated state secondary roads • A more historical funding pattern for the 100% state funded construction program

Program Narrative

The Maintenance Program budget is reduced in comparison with the 2013 biennium, but the 2015 biennium budget would represent an increase over the base year FY 2012. The budget for the Maintenance Program includes funding for new maintenance concerns for both primary and secondary roads, as seen in the present law adjustments figure below. The primary reason for the reduction in the budget is the return to a more historical funding level in the 100% state funded construction program, although the legislature added \$5.0 million of appropriations to increase the biennial level of funding from \$28.5 million to \$33.5 million. The maintenance program budget also includes the addition of 5.00 FTE to manage the increases in the road maintenance workload.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Maintenance Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$245,807,955	\$0	\$1,208,000	\$247,015,955	94.2%		
02349 Highway Non-restricted Account	\$15,799,606	\$0	\$0	\$15,799,606	6.0%		
02422 Highways Special Revenue	\$230,008,349	\$0	\$1,208,000	\$231,216,349	88.1%		
Federal Special Total	\$15,336,587	\$0	\$0	\$15,336,587	5.8%		
03407 Highway Trust - Sp Rev	\$15,336,587	\$0	\$0	\$15,336,587	5.8%		
Total All Funds	\$261,144,542	\$0	\$1,208,000	\$262,352,542	100.0%		
Percent - Total All Sources	99.5%	0.0%	0.5%				

The Maintenance Program is primarily funded with the state special revenue from highways state special revenue funds. The funding includes state special support from both the non-restricted account and the constitutionally restricted account. Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration to extend the life of the highway.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	125,372,845	125,372,845	250,745,690	96.02%
Statewide PL Adjustments	0	0	0	0.00%	(65,674)	51,472	(14,202)	(0.01%)
Other PL Adjustments	0	0	0	0.00%	2,606,507	2,806,547	5,413,054	2.07%
New Proposals	0	0	0	0.00%	5,000,000	0	5,000,000	1.91%
Total Budget	\$0	\$0	\$0		\$132,913,678	\$128,230,864	\$261,144,542	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
FTE	Fiscal 2014				FTE	Fiscal 2015			
	General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
Personal Services				1,878,805					1,924,457
Vacancy Savings				(1,910,313)					(1,912,198)
Inflation/Deflation				(34,166)					39,213
Total Statewide Present Law Adjustments	\$0	\$2,986,915	(\$3,052,589)	(\$65,674)		\$0	\$3,104,052	(\$3,052,580)	\$51,472
DP 50 - Initial Motion for FY 2012 Base	0.00	(2,986,915)	3,052,589	65,674	0.00	0	(3,104,052)	3,052,580	(51,472)
DP 51 - Adjustment to Statewide Personal Services	0.00	(28,814)	(2,694)	(31,508)	0.00	0	11,211	1,048	12,259
DP 52 - Adjustment for Statewide Operations	0.00	(31,244)	(2,922)	(34,166)	0.00	0	35,860	3,353	39,213
DP 53 - Base Funding Switch	0.00	0	3,046,973	(3,046,973)	0.00	0	3,056,981	(3,056,981)	0
DP 301 - Secondary Roads Maintenance	0.00	0	188,864	0	0.00	0	204,256	0	204,256
DP 303 - Expanded Transportation Infrastructure	5.00	0	384,023	0	5.00	0	373,186	0	373,186
DP 305 - Equipment Rental	0.00	0	(551,125)	0	0.00	0	(355,924)	0	(355,924)
DP 306 - OT/Differential	0.00	0	2,248,653	0	0.00	0	2,248,653	0	2,248,653
DP 307 - Maintenance Contracts	0.00	0	34,368	0	0.00	0	34,652	0	34,652
DP 308 - Noxious Weed Program	0.00	0	215,724	0	0.00	0	215,724	0	215,724
DP 310 - Rest Area Maintenance	0.00	0	86,000	0	0.00	0	86,000	0	86,000
Total Other Present Law Adjustments	5.00	\$0	\$2,606,507	\$0	5.00	\$0	\$2,806,547	\$0	\$2,806,547
Grand Total All Present Law Adjustments	5.00	\$0	\$5,593,422	(\$3,052,589)	5.00	\$0	\$5,910,599	(\$3,052,580)	\$2,858,019

DP 50 - Initial Motion for FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment to Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 301 - Secondary Roads Maintenance - The legislature approved funding for the maintenance of an additional 49.1 secondary road lane miles in the 2015 biennium, an addition to the 6,064 miles currently maintained.

DP 303 - Expanded Transportation Infrastructure - The legislature approved an increase of 5.00 FTE and appropriation authority from state special revenue (HSRA-R) for additional road maintenance responsibilities due to the increase in lane miles and infrastructure from highway construction projects. This adjustment addresses additional operational costs associated with winter maintenance operations and normal maintenance activities including surface, shoulders, and roadside maintenance.

DP 305 - Equipment Rental - The legislature approved a reduction of operational expenses from state special revenue funding (HSRA-R) for equipment usage and associated rate changes from MDT's Equipment Program.

DP 306 - OT/Differential - The legislature approved an increase in personal services costs from state special revenue (HSRA-R) to reestablish base year overtime and differential pay with associated benefits.

DP 307 - Maintenance Contracts - The legislature approved an increase of state special revenue (HSRA-R) for contract maintenance costs in the City of Missoula and Lincoln County.

DP 308 - Noxious Weed Program - The legislature approved an adjustment to base expenditures to the level of the original budget.

DP 310 - Rest Area Maintenance - The legislature approved increased state special revenue (HSRA-R) appropriation authority for supplies and maintenance at the new rest area in Conrad.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 320 - Increase to State Funded Construction Program										
03	0.00	0	5,000,000	0	5,000,000	0.00	0	0	0	0
Total	0.00	\$0	\$5,000,000	\$0	\$5,000,000	0.00	\$0	\$0	\$0	\$0

DP 320 - Increase to State Funded Construction Program - The legislature approved this proposal that will increase the state funded construction program in the 2015 biennium to \$33.5 million.

Proprietary Rates

Proprietary Program Description

The Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the Governor, attorney general, or the highway patrol). Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business, but is encouraged in the Montana Operations Manual (MOM). In the 2015 biennium, the program does not expect any major changes to the customer base. The State Motor Pool has received requests from state agencies to purchase 55 additional vehicles for lease during the 2015 biennium.

Program Highlights

State Motor Pool Major Budget Highlights	
♦	The 2015 biennium budget for the State Motor Pool increases by 5.1% primarily due to increased funding authority for the vehicle replacement pool
♦	The legislature approved reduced rates for the Motor Pool, which impacts most agencies with three rate ranges based on the price of gasoline

Proprietary Revenues and Expenses

Expenses

Significant biennial costs for the program are:

- Personal services for 6.00 FTE of \$687,131 or 6.3% of total costs
- Operating costs of \$5.5 million, including:
 - Gasoline, \$3.3 million
 - Repair and maintenance costs, \$364,606
 - Contracted services to support the motor pool management system, \$396,190
 - Insurance and bonds, \$194,532
- Equipment costs of \$5.5 million
- Debt service costs of \$193,583

Direct costs from vehicle usage include fuel, oil, repairs, and tires, and are supported by the usage rates. Indirect costs such as administrative overhead costs, insurance, interest payments, and utility costs are supported by the vehicle possession rates.

Changes in the 2015 biennium the State Motor Pool Program budget include:

- Personal services - projected to decline by \$10,668 or 1.5%
- Operating costs – projected to increase by \$543,765 or 5.6%
- Total expenses – projected to increase by 533,097 or 5.1%

Revenues

Revenue is primarily generated through vehicle rental fees, which provided 97% of the program revenue in the base year. The following sources of funding were used to pay for the services provided by this program in FY 2012:

- General fund (53.0%)
- State special revenue (26.6%)
- Federal special revenue (18.3%)
- University funds (0.6%)
- Other (10.4%)

Proprietary Rate Explanation

For the 2015 biennium the rates approved by the legislature are listed in Section R of HB 2. Separate rates are charged for the time a vehicle is in the possession of the user (assigned time rate) and for the miles driven (usage rate). The tier 1 rates are based on an assumed gasoline pump price of \$3.50 per gallon. Additional tiers of rates are provided that allows progressively higher rates if the retail price of gasoline increases above \$4.00 per gallon (tier 2) and again above \$4.50 per gallon (tier 3). The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge.

State Motor Pool							
Base Rates and 2015 Biennium Rates							
Class	Description	FY 2012 (Actual)		FY 2014		FY 2015	
		Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)	Assigned (per hour)	Usage (per mile)
		<u>Tier 1 \$2.85/gal</u>		<u>Tier 1 \$3.50/gal</u>		<u>Tier 1 \$3.50/gal</u>	
2	Small Utilities	1.265	0.155	0.990	0.203	1.090	0.204
3	Hybrid SUV	1.685	0.101	1.872	0.186	1.890	0.186
4	Large Utilities	1.990	0.205	1.655	0.280	1.700	0.281
5	Hybrid Sedans	1.477	0.072	1.522	0.112	1.547	0.113
6	Passenger Cars	1.278	0.134	0.999	0.159	1.025	0.159
7	Small Pickup	1.343	0.200	0.686	0.231	0.703	0.232
11	Large Pickup	1.352	0.222	0.963	0.262	0.947	0.261
12	Vans	1.283	0.183	1.203	0.226	1.272	0.227
		<u>Tier 2 \$3.35/gal</u>		<u>Tier 2 \$4.00/gal</u>		<u>Tier 2 \$4.00/gal</u>	
2	Small Utilities	1.265	0.178	0.990	0.229	1.090	0.230
3	Hybrid SUV	1.685	0.116	1.872	0.208	1.890	0.209
4	Large Utilities	1.990	0.237	1.655	0.317	1.700	0.318
5	Hybrid Sedans	1.477	0.083	1.522	0.126	1.547	0.127
6	Passenger Cars	1.278	0.153	0.999	0.178	1.025	0.179
7	Small Pickup	1.343	0.229	0.686	0.259	0.703	0.260
11	Large Pickup	1.352	0.253	0.963	0.295	0.947	0.294
12	Vans	1.283	0.210	1.203	0.254	1.272	0.255
		<u>Tier 2 \$3.85/gal</u>		<u>Tier 3 \$4.50/gal</u>		<u>Tier 3 \$4.50/gal</u>	
2	Small Utilities	1.265	0.201	0.990	0.255	1.090	0.256
3	Hybrid SUV	1.685	0.132	1.872	0.231	1.890	0.232
4	Large Utilities	1.990	0.268	1.655	0.353	1.700	0.354
5	Hybrid Sedans	1.477	0.094	1.522	0.141	1.547	0.141
6	Passenger Cars	1.278	0.172	0.999	0.198	1.025	0.199
7	Small Pickup	1.343	0.257	0.686	0.287	0.703	0.288
11	Large Pickup	1.352	0.285	0.963	0.328	0.947	0.326
12	Vans	1.283	0.237	1.203	0.283	1.272	0.284

Proprietary Rates

Proprietary Program Description

The Equipment Program is responsible for the acquisition, disposal, repair, and maintenance of a fleet of approximately 4,600 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. The various programs within the Montana Department of Transportation (MDT) such as Construction, Motor Carrier Services, Maintenance, and Right-of-Way use the fleet exclusively. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. The Equipment Program supports 123.00 FTE. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

Program Highlights

Equipment Program Major Budget Highlights	
◆	The Equipment Program budget is reduced by 3.9% primarily due to:
▪	Plans to purchase less equipment
•	Reduced fuel costs anticipated in the 2015 biennium
▪	Present law adjustments include new equipment for the needs of the Maintenance Program

Proprietary Revenues and Expenses

Expenses

Significant costs for the program are for:

- Personal services for 123.00 FTE, \$15.3 million or 27.6% of total costs
- Operating costs of \$27.5 million, including:
 - Gasoline and diesel fuel, \$16.2 million
 - Equipment repair and maintenance costs, \$8.3 million
 - Insurance and bonds, \$427,953
- Equipment costs of \$13.6 million

In the 2015 biennium the Equipment Program budget includes:

- Personal services - projected to increase by \$100,259, or 0.7%
- Operating costs – projected to decline by \$2,342,487, or 5.5%
- Total expenses – projected to decline by \$2,242,228 or 3.9%

Revenues

Revenue is generated through the vehicle/equipment rental fees, gains on the sale of surplus assets, and reimbursements from equipment accidents caused by an outside party. Vehicle rental fees provide the majority of the revenue for the program. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload, and travel requirements of the various department users. Annual mileage and hours of usage can vary significantly. The rental rates are set on a fee basis to recover revenue to meet the program's obligations. Rental rates are calculated each year and billed to the agency users biweekly.

Proprietary Rate Explanation

For the 2015 biennium the legislature approved allowing the Equipment Program the flexibility to charge various rates while operating at no more than a 60-day working capital balance. For the 2015 biennium, the proprietary rates will be

reduced from the 2013 biennium. The primary reason for the reduction, which impacts the budgets of all programs but the Aeronautics Division, is lower fuel costs. The total reduction, a base reduction in the impacted programs, is \$1.1 million for the 2015 biennium.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	123.00	123.00	134.00	134.00	123.00	134.00	11.00	8.94%
Personal Services	7,140,175	7,234,547	7,934,738	7,936,487	14,374,722	15,871,225	1,496,503	10.41%
Operating Expenses	3,060,205	3,769,945	3,498,847	3,255,065	6,830,150	6,753,912	(76,238)	(1.12%)
Equipment & Intangible Assets	16,233	0	140,041	16,233	16,233	156,274	140,041	862.69%
Transfers	41,850	2,250	41,850	41,850	44,100	83,700	39,600	89.80%
Total Costs	\$10,258,463	\$11,006,742	\$11,615,476	\$11,249,635	\$21,265,205	\$22,865,111	\$1,599,906	7.52%
State Special	7,630,748	7,788,221	8,517,509	8,200,713	15,418,969	16,718,222	1,299,253	8.43%
Federal Special	2,627,715	3,218,521	3,097,967	3,048,922	5,846,236	6,146,889	300,653	5.14%
Total Funds	\$10,258,463	\$11,006,742	\$11,615,476	\$11,249,635	\$21,265,205	\$22,865,111	\$1,599,906	7.52%

Program Description

The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, dyed fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses and oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance, and size/weight laws. The Motor Carrier Safety Assistance Program (MCSAP) conducts commercial motor carrier safety compliance reviews and safety audits to ensure commercial vehicles, drivers, and motor carriers are compliant with state safety laws and federal regulations by conducting vehicle and driver inspections and motor carrier compliance reviews and safety audits.

Program Highlights

Motor Carrier Services Division	
Major Budget Highlights	
♦	Total funds increase by \$1.6 million, or 7.5% from the 2013 biennium primarily due to the addition of 11.00 FTE that include: <ul style="list-style-type: none"> ▪ 4.00 FTE funded with \$896,967 of state special revenue (HSRA-R) to start a roving patrol program ▪ 7.00 FTE funded with \$752,576 of federal special revenue for increased border enforcement
♦	Operating expenses will increase with a one-time-only appropriation for the development of two information technology projects, \$102,233

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Motor Carrier Services Div.							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$16,718,222	\$0	\$0	\$16,718,222	73.1%		
02294 Ucr Fund	\$2,229,944	\$0	\$0	\$2,229,944	9.8%		
02349 Highway Non-restricted Account	\$57,560	\$0	\$0	\$57,560	0.3%		
02422 Highways Special Revenue	\$14,430,718	\$0	\$0	\$14,430,718	63.1%		
Federal Special Total	\$6,146,889	\$0	\$0	\$6,146,889	26.9%		
03292 Mcs Federal Grants	\$6,146,889	\$0	\$0	\$6,146,889	26.9%		
Total All Funds	\$22,865,111	\$0	\$0	\$22,865,111	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Motor Carrier Services Division is funded with the highways state special revenue fund and federal special revenue. State funds are revenue from highway user fees such as motor fuel taxes and gross vehicle weight fees. Except for a portion funded with unified carrier registration state special revenue, the remaining state special revenue for the 2015 biennium is from the highways state special revenue account and non-restricted account. Federal funds are from federal Motor Carrier Safety Assistance Program and border enforcement grants.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	10,258,463	10,258,463	20,516,926	89.73%
Statewide PL Adjustments	0	0	0	0.00%	19,727	24,649	44,376	0.19%
Other PL Adjustments	0	0	0	0.00%	376,467	277,799	654,266	2.86%
New Proposals	0	0	0	0.00%	960,819	688,724	1,649,543	7.21%
Total Budget	\$0	\$0	\$0		\$11,615,476	\$11,249,635	\$22,865,111	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				317,665					320,379	
Vacancy Savings				(298,321)					(298,432)	
Inflation/Deflation				383					2,702	
Total Statewide Present Law Adjustments										
	\$0	\$15,303	\$4,424	\$19,727		\$0	\$18,888	\$5,761	\$24,649	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(15,303)	(4,424)	(19,727)	0.00	0	(18,888)	(5,761)	(24,649)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	14,389	4,955	19,344	0.00	0	16,325	5,622	21,947
DP 52 - Adjustment for Statewide Operations	0.00	0	284	99	383	0.00	0	2,010	692	2,702
DP 53 - Base Funding Switch	0.00	0	630	(630)	0	0.00	0	553	(553)	0
DP 2204 - Equipment Rental	0.00	0	(6,441)	(3,625)	(10,066)	0.00	0	(4,160)	(2,341)	(6,501)
DP 2205 - Overtime/Differential	0.00	0	143,306	41,774	185,080	0.00	0	143,306	41,774	185,080
DP 2209 - CVIEW & CCAMS Projects (Bien/OTO)	0.00	0	51,117	51,116	102,233	0.00	0	0	0	0
DP 2210 - Wyoming/Montana Joint Port Project	0.00	0	85,062	0	85,062	0.00	0	85,062	0	85,062
DP 2214 - Scale Site Repair (OTO/RST)	0.00	0	14,158	0	14,158	0.00	0	14,158	0	14,158
Total Other Present Law Adjustments										
	0.00	\$0	\$287,202	\$89,265	\$376,467	0.00	\$0	\$238,366	\$39,433	\$277,799
Grand Total All Present Law Adjustments										
	0.00	\$0	\$302,505	\$93,689	\$396,194	0.00	\$0	\$257,254	\$45,194	\$302,448

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 2204 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 2205 - Overtime/Differential - The legislature approved an increase in personal services costs to reestablish base year overtime and differential pay with associated benefits.

DP 2209 - CVIEW & CCAMS Projects (Bien/OTO) - The legislature approved appropriation authority to support the development of two information technology projects:

- Commercial Carrier Account Management System (CCAMS) Project, which is expected to improve the accuracy and consistency of Motor Carrier account information across registration, licensing, and safety systems

- Commercial Vehicle Information Exchange Window (CVIEW) Enhancement Project, which is expected to make in-state vehicle registration information available to officers at the roadside

The legislature designated the funding as one-time-only.

DP 2210 - Wyoming/Montana Joint Port Project - The legislature approved a present law adjustment to bring base year expenditures up to the Dietz, Wyoming joint port-of-entry weigh station facility contract levels.

DP 2214 - Scale Site Repair (OTO/RST) - The legislature approved additional appropriation authority in FY 2014 to retrofit/repair the scale pit at the Lima weigh station facility and in FY 2015 to retrofit/repair the Bozeman 4 corners weigh scale facility. The funding was designated as one-time-only and was restricted to the use of this purpose only.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2201 - MCS Patrol FTE										
22	4.00	0	584,256	0	584,256	4.00	0	312,711	0	312,711
DP 2202 - Border Enforcement FTE										
22	7.00	0	0	376,563	376,563	7.00	0	0	376,013	376,013
Total	11.00	\$0	\$584,256	\$376,563	\$960,819	11.00	\$0	\$312,711	\$376,013	\$688,724

DP 2201 - MCS Patrol FTE - The legislature approved funding for 4.00 FTE to establish a roving patrol program to address activities, as seen in areas such as Teton and Cascade Counties, where manufacturing activities supporting Oil Sands operations in Canada have increased commercial trucking activities. The program will allow flexibility to adapt to changing trucking activities and is funded with restricted highway special revenue (HSRA-R).

DP 2202 - Border Enforcement FTE - The legislature approved funding for 7.00 FTE to increase and sustain safety compliance of commercial vehicles that cross the US/Canadian border. The border Enforcement Grant (BEG) program is primarily a Montana/Canada border program with the objective of assuring compliance with state and federal safety laws and regulations. In conjunction with safety inspections, MDT also screens for and enforces illegal transport of goods, including volatile commodities and drug interdiction. This addition is funded with MCS federal grants funds.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	627,813	648,142	639,093	642,339	1,275,955	1,281,432	5,477	0.43%
Operating Expenses	617,251	1,496,226	1,058,717	890,734	2,113,477	1,949,451	(164,026)	(7.76%)
Grants	458,323	519,859	488,000	488,000	978,182	976,000	(2,182)	(0.22%)
Transfers	7,478	10,818	7,478	7,478	18,296	14,956	(3,340)	(18.26%)
Total Costs	\$1,710,865	\$2,675,045	\$2,193,288	\$2,028,551	\$4,385,910	\$4,221,839	(\$164,071)	(3.74%)
State Special	1,638,236	1,825,191	1,844,071	1,829,334	3,463,427	3,673,405	209,978	6.06%
Federal Special	72,629	849,854	349,217	199,217	922,483	548,434	(374,049)	(40.55%)
Total Funds	\$1,710,865	\$2,675,045	\$2,193,288	\$2,028,551	\$4,385,910	\$4,221,839	(\$164,071)	(3.74%)

Program Description

The Aeronautics Division: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations, and fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 4) coordinates and supervises aerial search and rescue operations. The division administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities. The division is also responsible for operation of the air carrier airport at West Yellowstone and for 14 other state-owned airports.

Program Highlights

Aeronautics Program Major Budget Highlights	
♦	The budget for the Aeronautics Program is reduced by 3.7% from the 2013 biennium budget primarily due to the cancellation of a federally funded project for an equipment storage facility

Program Narrative

The Aeronautics Program has a HB 2 budgeted program and a non-budgeted proprietary program (West Yellowstone Airport), included in the proprietary section below. The budget for the Aeronautics division funds the costs of operations and maintenance at the airports. The reduction in the division results primarily from the cancellation of a federally funded firefighting and snow plowing equipment storage construction project. The elimination of this project reduced the full amount of appropriation in the 2013 biennium (\$475,000) and provides the appearance of a reduced budget in the 2015 biennium. A new project appropriation for \$166,667, primarily funded with federal funds, will provide runway improvements at the Lincoln airport.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Aeronautics Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$3,673,405	\$0	\$0	\$3,673,405	79.2%		
02286 Aeronautical Loan Account	\$700,000	\$0	\$0	\$700,000	15.1%		
02287 Aeronautical Grant Account	\$800,000	\$0	\$0	\$800,000	17.2%		
02349 Highway Non-restricted Account	\$275,670	\$0	\$0	\$275,670	5.9%		
02827 Aeronautics Division	\$1,729,735	\$0	\$0	\$1,729,735	37.3%		
02962 Airport Pvmnt. Preservation	\$168,000	\$0	\$0	\$168,000	3.6%		
Federal Special Total	\$548,434	\$0	\$0	\$548,434	11.8%		
03060 Aeronautics Division	\$548,434	\$0	\$0	\$548,434	11.8%		
Proprietary Total	\$0	\$418,753	\$0	\$418,753	9.0%		
06007 West Yellowstone Airport	\$0	\$418,753	\$0	\$418,753	9.0%		
Total All Funds	\$4,221,839	\$418,753	\$0	\$4,640,592	100.0%		
Percent - Total All Sources	91.0%	9.0%	0.0%				

The Aeronautics Program is funded by both state and federal special revenue funds. State special revenue funds are derived primarily from state aviation fuel taxes and aviation license fees. Federal special revenue comes from FAA grants.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,710,865	1,710,865	3,421,730	81.05%
Statewide PL Adjustments	0	0	0	0.00%	3,698	5,559	9,257	0.22%
Other PL Adjustments	0	0	0	0.00%	312,058	312,127	624,185	14.78%
New Proposals	0	0	0	0.00%	166,667	0	166,667	3.95%
Total Budget	\$0	\$0	\$0		\$2,193,288	\$2,028,551	\$4,221,839	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				37,417					40,798
Vacancy Savings				(26,537)					(26,672)
Inflation/Deflation				(3,206)					(1,917)
Fixed Costs				(3,976)					(6,650)
Total Statewide Present Law Adjustments									
	\$0	\$12,110	(\$8,412)	\$3,698		\$0	\$13,971	(\$8,412)	\$5,559
DP 50 - Initial Motion to FY 2012 Base									
0.00	0	(12,110)	8,412	(3,698)	0.00	0	(13,971)	8,412	(5,559)
DP 51 - Adjustment for Statewide Personal Services									
0.00	0	10,419	461	10,880	0.00	0	13,527	599	14,126
DP 52 - Adjustment for Statewide Operations									
0.00	0	(6,877)	(305)	(7,182)	0.00	0	(8,203)	(364)	(8,567)
DP 53 - Base Funding Switch									
0.00	0	8,568	(8,568)	0	0.00	0	8,647	(8,647)	0
DP 4006 - Aero Grants, Loans & Pavement Preservation (BIEN)									
0.00	0	143,851	0	143,851	0.00	0	143,851	0	143,851
DP 4007 - Aeronautics State System Plan (BIEN)									
0.00	0	15,000	135,000	150,000	0.00	0	15,000	135,000	150,000
DP 4008 - Reestablish Aeronautics Base									
0.00	0	18,207	0	18,207	0.00	0	18,276	0	18,276
Total Other Present Law Adjustments									
0.00	\$0	\$177,058	\$135,000	\$312,058	0.00	\$0	\$177,127	\$135,000	\$312,127
Grand Total All Present Law Adjustments									
0.00	\$0	\$189,168	\$126,588	\$315,756	0.00	\$0	\$191,098	\$126,588	\$317,686

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 4006 - Aero Grants, Loans & Pavement Preservation (BIEN) - The legislature approved an increase of the base budget to the original budgeted amount for the 2013 biennium and new appropriation authority for grant, loan and pavement preservation budgets. Airport grants for safety and development as well as airport loans for safety and development are issued based upon application and available funds. Pavement preservation grants are given to the seven large commercial service airports in the state for the purpose of preserving the runways and are awarded by the Aeronautics Board. The funding is designated as biennial.

DP 4007 - Aeronautics State System Plan (BIEN) - The legislature approved appropriation authority of state special and federal special revenue that will fund an update to the annual state aviation system plan. Federal funds for this update are from a system planning grant from the FAA. The system plan provides both voluntary and mandated infrastructure and capital improvement plans that the FAA, state, and local communities use to develop individual airport projects around the state. The funding is designated as biennial.

DP 4008 - Reestablish Aeronautics Base - The legislature approved appropriation authority that would reestablish the base budget for fuel, travel, supplies, and equipment for the search and rescue program. Expenditures in this program

were below average (59.2%) due to the lack of extended air searches during the base budget period. This funding would also increase the Aeronautics Board per diem, travel, and meeting expenditures.

New Proposals

New Proposals		Fiscal 2014					Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 4002 - Lincoln Airport Runway Improvements (OTO/BIEN)											
40	0.00	0	16,667	150,000	166,667		0.00	0	0	0	0
Total	0.00	\$0	\$16,667	\$150,000	\$166,667		0.00	\$0	\$0	\$0	\$0

DP 4002 - Lincoln Airport Runway Improvements (OTO/BIEN) - The legislature approved appropriation authority for improvements at the Lincoln airport runway. The improvements are to meet current FAA pavement requirements and rehabilitation of the runway surfaces at the airport. The funding was designated as one-time-only and the appropriation is biennial.

Proprietary Rates

Proprietary Program Description

The Yellowstone Airport located in West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for other recreational opportunities in the surrounding greater Yellowstone area. Commercial air service is available seasonally from June 1st to September 30th annually and the airport is open for private aircraft operations usually from mid-May through mid-November. The airport accomplishes these missions with extensive facilities to accommodate all sized aircraft and operations ranging from large, four engine, commercial service jets to small, single engine, piston aircraft.

Fees for leases and other business services are both market and recovery based. Additional operating expenses planned in the 2015 biennium include a minor runway maintenance project funded with 90% FAA airport improvement program funds and performed in accordance with FAA mandates and advisory circulars. The program is staffed with one airport manager who works 8 months full time and 4 months half time. The airport also has two other employees, an airport operations chief and an airport fire fighter who are employed seasonally.

West Yellowstone Airport Major Budget Highlights	
◆	Increases in several rates provide an increase of 6% in revenues from the base year
◆	The budget for the West Yellowstone Airport will be 4.7% lower than the 2013 biennium primarily due to reduced energy costs
◆	Operating income will be approximately \$20,000 in each year of the biennium

Proprietary Revenues and Expenses

The enterprise revenue sources when combined with existing working capital balances are projected to recover sufficient cash to fund projected expenditures at the airport. Annual budgeted expenses at the Yellowstone Airport, for a three year period, average \$213,490/year. The Yellowstone Airport currently supports 2.00 FTE to maintain federal airport certification requirements.

Expenses

Significant biennial costs for the program are:

- Personal services for 2.00 FTE are \$301,707 or 74.4% of total costs
- Operating costs are \$103,864 or 25.6% of total costs and include:
- Electricity and natural gas, \$41,228
- Consultant and professional services, \$22,974

In the 2015 biennium the West Yellowstone budget includes:

- Personal services - projected to increase by \$8,607, or 2.9%
- Operating costs – projected to decline by \$28,607, or 21.6%
- Total expenses – projected to decline by 4.7%

Revenues

Operations of the West Yellowstone Airport are funded from an enterprise type proprietary fund with revenues that include local property taxes, rentals and leases, concession sales receipts, and landing fees. Total operating revenues in the 2015 biennium, as seen in the figure above, are expected to be \$445,168, an increase of 2.9% over revenues in the 2013 biennium. With slightly increased fees and reduced operating costs, operating income is projected to be \$19,879 in FY 2014 and \$19,718 in FY 2015.

Proprietary Rate Explanation

Most landing fees will not increase for the 2015 biennium. Car rental and airline rates will increase from \$2.25 a square foot to \$2.50 a square foot and the building lease agreement with Nevada Testing will go from \$5.50 a square foot to \$6.00 a square foot. The full list of rates to be charged in the 2015 biennium are seen in the table below.

West Yellowstone Airport Rates 2015 Biennium	
2015 Biennium Fees	
Description	Fee
Landing Fees	
Scheduled Air Carrier	\$1.10/1000 lbs.
Landing Fees	
Other Uses	9,001-16,500 lbs. = \$25
Landing Fees	
Other Uses	>16,500 lbs. = \$1.60/1000 lbs.
Fuel Flowage Fee	\$0.08/gallon
Building Leases	
Car Rental, Airline	\$2.50/sq. ft.
Building Leases	
FBO, Hangar Ground	\$0.12/sq. ft.
Ad Boards	\$200 per board
Tax Transfer	\$11,000 est.
Sales receipts	
Car Rental, Café, and Gift	10% of gross sales
<u>Non-Aero Rentals</u>	
City (2014 & 2015)	\$11,000 per year
Energy West (2014 & 2015)	\$13,500 per year
	6.00/sq. ft. + utilities + usage fee
Nevada Testing (2014 & 2015)	(\$975/customer annual + \$75/day)

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	103.50	103.50	105.50	105.50	103.50	105.50	2.00	1.93%
Personal Services	7,083,186	7,433,288	7,667,303	7,675,920	14,516,474	15,343,223	826,749	5.70%
Operating Expenses	4,208,419	5,409,568	5,516,206	5,333,745	9,617,987	10,849,951	1,231,964	12.81%
Equipment & Intangible Assets	87,728	64,787	152,728	152,728	152,515	305,456	152,941	100.28%
Grants	13,040,360	15,681,856	17,002,993	16,820,993	28,722,216	33,823,986	5,101,770	17.76%
Benefits & Claims	500	1,500	500	500	2,000	1,000	(1,000)	(50.00%)
Transfers	1,516,624	1,821,433	2,211,624	1,936,624	3,338,057	4,148,248	810,191	24.27%
Total Costs	\$25,936,817	\$30,412,432	\$32,551,354	\$31,920,510	\$56,349,249	\$64,471,864	\$8,122,615	14.41%
State Special	5,313,420	6,136,576	7,100,763	7,105,085	11,449,996	14,205,848	2,755,852	24.07%
Federal Special	20,623,397	24,275,856	25,450,591	24,815,425	44,899,253	50,266,016	5,366,763	11.95%
Total Funds	\$25,936,817	\$30,412,432	\$32,551,354	\$31,920,510	\$56,349,249	\$64,471,864	\$8,122,615	14.41%

Program Description

The Rail, Transit, and Planning Division provides: 1) a continuous statewide multimodal transportation planning process used to allocate highway program resources to ensure highway system performance goals are maintained and federal-aid highway and transit grant eligibility is maintained within the federal surface transportation programs; 2) an inventory of transportation infrastructure for the allocation of state fuel taxes to local governments; 3) support for the state's comprehensive statewide highway safety plan including technical analysis, performance tracking, and coordination with multiple administrative agencies and jurisdictions; 4) the point of contact for MDT for major developers seeking access onto the state's highway system; 5) mapping functions to aid in the publication of the state tourist map and geo-spatial infrastructure inventories; 6) transportation planning and programming assistance to metropolitan and urban areas; 7) administration and implementation of safety programs that help reduce traffic deaths, injuries, and property losses resulting from traffic crashes; 8) administration and implementation of environmental services that assure environmental compliance with all relative laws, rules, regulations, policies, orders, and agreements; and 9) responses to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US Department of Transportation, the Surface Transportation Board, and others. The planning function addresses system areas that include buses for transit systems, street and highway improvements, railroad track rehabilitation, and transportation enhancements for non-motorized and beautification improvements.

Program Highlights

Rail, Transit, & Planning Division Major Budget Highlights	
<ul style="list-style-type: none"> Total funds in this program will increase by nearly \$8.1 million or 14.4% from the 2013 biennium primarily due to: <ul style="list-style-type: none"> Two present law adjustments equaling \$10.7 million related to the new federal surface transportation legislation, MAP 21 Increased funding for the Emergency Medical Services grant program Specific funding for the Rail Service Competition Council Personal service costs would increase 5.7% primarily due to: <ul style="list-style-type: none"> 1.00 FTE transferred from the Construction Program in the base year 2.00 FTE for activities related to MAP 21 	

Program Narrative

The legislature provided additional authority to the Rail, Transit, and Planning Division that will fund the compliance activities related to the new federal surface transportation legislation, MAP 21. MAP 21 establishes performance-based planning requirements that align federal funding with key goals and tracks progress toward achievements. The increased funding is expected to facilitate compliance with the federal goals. The legislature also increased funding for two existing programs in the division:

- Emergency Medical Services grant program funding increases from \$1.0 million/FY to \$1.1 million/FY for the provision of additional grants, as grant requests have exceeded available funds in past years
- Rail Service Competition Council funding will increase by \$50,000/FY over the base expenditures of \$7,759 to specifically fund the activities of the council, for which major costs include contracted services for rail transit related studies

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Transportation Funding by Source of Authority 2015 Biennium Budget - Rail, Transit, & Planning Division						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference
State Special Total	\$14,205,848	\$0	\$0	\$14,205,848	22.0%	
02282 Fta Local Match	\$1,219,112	\$0	\$0	\$1,219,112	1.9%	
02349 Highway Non-restricted Account	\$2,515,518	\$0	\$0	\$2,515,518	3.9%	
02422 Highways Special Revenue	\$8,915,350	\$0	\$0	\$8,915,350	13.8%	
02436 County Dui Prevention Programs	\$989,870	\$0	\$0	\$989,870	1.5%	
02795 Trans Aid Special Revenue	\$565,998	\$0	\$0	\$565,998	0.9%	
Federal Special Total	\$50,266,016	\$0	\$0	\$50,266,016	78.0%	
03147 Fta Grants	\$21,307,034	\$0	\$0	\$21,307,034	33.0%	
03407 Highway Trust - Sp Rev	\$17,287,509	\$0	\$0	\$17,287,509	26.8%	
03828 Traffic Safety	\$11,671,473	\$0	\$0	\$11,671,473	18.1%	
Total All Funds	\$64,471,864	\$0	\$0	\$64,471,864	100.0%	
Percent - Total All Sources	100.0%	0.0%	0.0%			

The Rail, Transit, and Planning Division is funded with a combination of state and federal special revenue funds. Transit grants provided through the program are based on a sliding scale. The state match is provided by the local entity receiving services or on a rare occasion with the constitutionally restricted highways state special revenue funds. The remaining division activities after deducting federal transit grants and local matching funds are funded with federal planning and research funds and state special revenue funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	25,936,817	25,936,817	51,873,634	80.46%
Statewide PL Adjustments	0	0	0	0.00%	415,508	424,635	840,143	1.30%
Other PL Adjustments	0	0	0	0.00%	6,199,029	5,559,058	11,758,087	18.24%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$32,551,354	\$31,920,510	\$64,471,864	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				728,297					737,496	
Vacancy Savings				(312,459)					(312,835)	
Inflation/Deflation				(543)					(239)	
Fixed Costs				213					213	
Total Statewide Present Law Adjustments										
	\$0	\$670,601	(\$255,093)	\$415,508		\$0	\$674,321	(\$249,686)	\$424,635	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(670,601)	255,093	(415,508)	0.00	0	(674,321)	249,686	(424,635)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	85,189	330,649	415,838	0.00	0	86,996	337,665	424,661
DP 52 - Adjustment for Statewide Operations	0.00	0	(68)	(262)	(330)	0.00	0	(5)	(21)	(26)
DP 53 - Base Funding Switch	0.00	0	585,480	(585,480)	0	0.00	0	587,330	(587,330)	0
DP 5003 - Overtime/Differential	0.00	0	30,295	0	30,295	0.00	0	30,295	0	30,295
DP 5004 - Equipment Rental	0.00	0	(5,040)	0	(5,040)	0.00	0	(3,255)	0	(3,255)
DP 5006 - MAP 21 Adjustment to Grant Programs	0.00	0	470,000	4,668,900	5,138,900	0.00	0	470,000	4,033,100	4,503,100
DP 5008 - MAP21 Performance Based Planning	2.00	0	103,347	413,387	516,734	2.00	0	102,164	408,614	510,778
DP 5009 - City Park Rest Areas	0.00	0	17,507	0	17,507	0.00	0	17,507	0	17,507
DP 5010 - Pollution Prevention & Abatement (RST)	0.00	0	320,000	0	320,000	0.00	0	320,000	0	320,000
DP 5011 - EMS Grant Local Match	0.00	0	130,633	0	130,633	0.00	0	130,633	0	130,633
DP 5020 - Rail Service Competition Council	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
Total Other Present Law Adjustments										
	2.00	\$0	\$1,116,742	\$5,082,287	\$6,199,029	2.00	\$0	\$1,117,344	\$4,441,714	\$5,559,058
Grand Total All Present Law Adjustments										
	2.00	\$0	\$1,787,343	\$4,827,194	\$6,614,537	2.00	\$0	\$1,791,665	\$4,192,028	\$5,983,693

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 5003 - Overtime/Differential - The legislature approved an increase in personal services to reestablish base year overtime and differential pay with associated benefits. The addition is funded with HSRA-R state special revenues.

DP 5004 - Equipment Rental - The legislature approved a reduction of operational expenses for equipment usage and associated rate changes from MDT's Equipment Program.

DP 5006 - MAP 21 Adjustment to Grant Programs - The legislature approved base restoration and additional spending authority of combined state special and federal special revenue for the biennium to fund transit operating costs and transit grants, and highway safety operating costs and safety grants due to newly passed surface transportation legislation (MAP 21).

DP 5008 - MAP21 Performance Based Planning - The legislature approved an adjustment to combine state special and federal special revenue in the biennium to fund personal services and operating costs for 2.00 FTE, contracted services, and equipment due to more extensive statutory requirements for transportation planning and programming under MAP 21.

DP 5009 - City Park Rest Areas - The legislature approved an adjustment in appropriation authority for funding assistance to local governments for routine maintenance and minor improvements of city park rest areas.

DP 5010 - Pollution Prevention & Abatement (RST) - The legislature approved an adjustment in appropriation authority to fund revised environmental fees for storm water permits and Clean Water Act certifications, along with new requirements for monitoring stream mitigation projects and storm water management and pollution prevention within small municipal separate storm sewer system (MS4) facilities.

DP 5011 - EMS Grant Local Match - The legislature approved base restoration and an increase for the EMS program to bring the annual budget to \$1,100,000. The Emergency Medical Services grant program expenses were less than the base spending and statutory match due to the late processing of purchase orders in the base year.

DP 5020 - Rail Service Competition Council - The legislature approved funding for the Rail Service Competition Council. The funding is provided through the highway state special revenue non-restricted fund.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	140.75	140.75	142.72	142.72	140.75	142.72	1.97	1.40%
Estimated Impact of HB 2*			(5.79)	(5.79)		(5.79)	(5.79)	
Net Estimated FTE*			136.93	136.93		136.93	(3.82)	
Equipment & Intangible Assets	7,149	62,689	7,149	7,149	69,838	14,298	(55,540)	(79.53%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	75,997	0	75,997	75,997	75,997	151,994	75,997	100.00%
Debt Service	24,842	25,000	24,842	24,842	49,842	49,684	(158)	(0.32%)
Total Costs	\$9,920,944	\$10,457,364	\$10,562,684	\$10,517,446	\$20,378,308	\$21,080,130	\$701,822	3.44%
General Fund	986,083	991,064	1,507,983	1,497,575	1,977,147	3,005,558	1,028,411	52.01%
State Special	7,569,126	7,977,812	7,657,822	7,629,303	15,546,938	15,287,125	(259,813)	(1.67%)
Federal Special	1,365,735	1,488,488	1,396,879	1,390,568	2,854,223	2,787,447	(66,776)	(2.34%)
Total Funds	\$9,920,944	\$10,457,364	\$10,562,684	\$10,517,446	\$20,378,308	\$21,080,130	\$701,822	3.44%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission Statement: To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

The Department of Livestock is responsible for controlling and eradicating animal diseases; preventing the transmission of animal diseases to humans; protecting the livestock industry from theft and predatory animals; meat, milk, and egg inspection; and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive officer, the Livestock Crimestoppers' Commission, the Milk Control Board, the Livestock Loss Reduction and Mitigation Board, and until FY 2014 the Board of Horse Racing.

The department is organized into six divisions: Centralized Services, Diagnostic Laboratory, Animal Health, Milk and Egg, Brands Enforcement, and Meat and Poultry Inspection. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

Agency Highlights

Department of Livestock Major Budget Highlights	
♦ Major initiatives funded by the legislature are:	
▪ Brucellosis surveillance	
▪ Maintaining the animal health system	
♦ General fund increases by 52.01% over the biennium primarily due to the brucellosis surveillance program, DSA veterinarian and compliance specialist funding, and animal health system network support fees	
♦ State special revenue decreases over the biennium due to fully funding the brucellosis surveillance program from general fund	
♦ The agency did not provide pay plan pay increases during the 2013 biennium	

Summary of Legislative Action

Total funding for the department increases by 3.44% compared to the 2013 biennium, with general fund increases of 52.01%, state special revenue decreases of 1.67%, and federal funds decreases of 2.34%.

General fund expenditures increase as a result of the following:

- Statewide present law adjustments
- Brucellosis surveillance, including a Brucellosis Vet and Compliance Specialist approved on a one-time-only basis totaling \$1.0 million for the biennium

State special revenues decrease due to:

- Brucellosis surveillance and a Brucellosis Vet and Compliance Specialist being funded fully by general fund, while FY 2013 includes funding for this purpose from state special revenue

The legislature had approved \$250,000 each year of the biennium from the coal bed methane account for predator control of the grizzly bear. The Governor vetoed this decision package.

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 5.79 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$3,005,558	\$0	\$0	\$3,005,558	13.3%
State Special Total	15,287,125	-	1,469,766	16,756,891	74.3%
Federal Special Total	2,787,447	-	-	2,787,447	12.4%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$21,080,130</u>	<u>\$0</u>	<u>\$1,469,766</u>	<u>\$22,549,896</u>	
Percent - Total All Sources	93.5%	0.0%	6.5%		

The Department of Livestock is funded with general fund, state special revenue, and federal special revenue. General fund provides support for some administrative functions, the diagnostic lab, and meat and poultry inspections. The legislative approved budget contains a 52.01% increase in general fund from the 2013 biennium. The increase is mainly attributable to present law adjustments, costs associated with the brucellosis designated surveillance area (DSA), and

funding for a DSA veterinarian and compliance specialist. Federal special revenue comes from the bison operations cooperative agreement, the Greater Yellowstone Interagency Brucellosis Committee grant for contracted research, and from the U.S. Department of Agriculture in match funds for meat and poultry inspection.

Funds Status

Animal Health Fund

Fund Balance

The animal health fund derives revenue from lab testing fees and milk and egg inspection fees. The diagnostic lab and the milk and egg functions are supported by this fund. The department has had challenges balancing expenditures with revenues. The adjacent table shows actuals through FY 2012, and appropriated and approved expenditures and projected revenues through the 2015 biennium. Milk and egg fees are driven by industry inspection requirements. The fees for lab activities have not been adjusted since December 2007; therefore, any increase in revenues is dependent upon lab activities. Total revenues are as estimated by LFD staff based on historical data.

Department of Livestock Animal Health Fund				
	Actual FY 2012	Appropriated FY 2013	Legislative Approved	
			FY 2014	FY 2015
Beginning Balance	\$268,023	\$12,498	(\$77,264)	\$36,087
Revenues*	1,185,927	1,332,021	1,332,021	1,332,021
<u>Expenditures</u>				
Central Services	\$0	\$0	\$0	\$0
Laboratory	1,123,370	1,139,269	974,975	1,076,344
Animal Health	6,934	60,829	38,970	38,918
Milk & Egg	305,222	358,177	341,216	345,202
Brands	0	0	0	0
Meat & Poultry	5,926	5,717	5,718	5,717
Total Expenditures	<u>\$1,441,452</u>	<u>\$1,563,992</u>	<u>\$1,360,879</u>	<u>\$1,466,181</u>
Ending Fund Balance	<u>\$12,498</u>	<u>(\$219,473)</u>	<u>(\$106,122)</u>	<u>(\$98,073)</u>

As shown, the account is projected to be negative at the end of FY 2013 if all appropriations are expended, even with no support provided to the Central Services Division. While the legislature approved a reduction in expenditures for the 2015 biennium from the FY 2013 appropriated level, the account remains structurally unbalanced. Therefore, if the department is to expend the entire appropriation, additional revenues will have to be generated. Lab fees were last adjusted in 2007.

Livestock Per Capita Fee Fund

Fund Balance

The livestock per capita fund is the largest state special revenue fund supporting this agency and supports animal health functions in the Animal Health Division and the Diagnostic Laboratory, predator control, the Centralized Services Division, and a portion of the Brand Enforcement Division. Per capita revenue is derived by taxation on the ownership of livestock and interest earnings on the fund balance, with fees set by the Board of Livestock annually. The following table shows the revenues to and actual and approved expenditures from the fund through the 2015 biennium. Estimated revenues reflect recent increases in revenues adopted by the board. While the legislature approved a reduction in expenditures for the 2015 biennium from the FY 2013 appropriated level. The fund continues to supplement other state special revenue funds and is supplemented by general fund, so unless the reduction in expenditures continues or fees are raised, the fund will be structurally imbalanced in the near future.

Revenues

The Board of Livestock annually evaluates a number of factors to determine if and how much the per capita tax rate should change. The change is limited in statute (15-24-922, MCA) to 110% of the average of the past three years less a reasonable nonpayment rate. The board increased the per capita fee in FY 2012 and again in FY

Department of Livestock Per Capita Fund				
	Actual FY 2012	Appropriated FY 2013	Legislative Approved	
			FY 2014	FY 2015
Beginning Balance	\$1,097,858	\$871,362	\$981,337	\$1,102,968
Revenues	\$4,028,207	\$4,336,485	\$4,336,485	\$4,336,485
<u>Expenditures</u>				
Central Services	\$1,680,742	\$1,542,588	\$1,270,575	\$1,226,381
Laboratory	551,252	564,700	689,701	588,912
Animal Health	871,942	973,357	649,848	649,887
Milk & Egg	1,695	0	0	0
Brands	1,149,072	1,145,865	1,604,730	1,564,223
Meat & Poultry	0	0	0	0
Total Expenditures	<u>\$4,254,703</u>	<u>\$4,226,510</u>	<u>\$4,214,854</u>	<u>\$4,029,403</u>
Ending Fund Balance	<u>\$871,362</u>	<u>\$981,337</u>	<u>\$1,102,968</u>	<u>\$1,410,050</u>

2013. Increased revenues totaled about \$310,400 in FY 2012 and \$308,278 in FY 2013. The approved budget assumes stagnant revenues for the 2015 biennium.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	986,083	986,083	1,972,166	65.62%	9,920,944	9,920,944	19,841,888	94.13%
Statewide PL Adjustments	(13,433)	(11,903)	(25,336)	(0.84%)	378,702	348,295	726,997	3.45%
Other PL Adjustments	27,212	15,487	42,699	1.42%	(11,747)	(22,872)	(34,619)	(0.16%)
New Proposals	508,121	507,908	1,016,029	33.81%	274,785	271,079	545,864	2.59%
Total Budget	\$1,507,983	\$1,497,575	\$3,005,558		\$10,562,684	\$10,517,446	\$21,080,130	

Other Legislation

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

SB 21 - This bill moves the administratively attached Board of Horse Racing from the Department of Livestock (DOL) to the Department of Commerce. The Board of Horse Racing is funded with state special revenue. The bill specifies that any enactment of the 2013 Legislature that references the Board of Horse Racing as part of the Department of Livestock must be changed to reflect the Department of Commerce.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	140.75	134.01	142.72	8.71	134.01	142.72	8.71	
Estimated Impact of HB 2*			(5.79)	(5.79)		(5.79)	(5.79)	
Net Estimated FTE*			136.93	(2.92)		136.93	(2.92)	
Personal Services	6,855,799	7,074,414	7,267,726	193,312	7,079,424	7,272,183	192,759	386,071
Operating Expenses	2,957,157	3,179,702	3,186,970	7,268	3,129,966	3,137,275	7,309	14,577
Equipment & Intangible Assets	7,149	7,149	7,149	0	7,149	7,149	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	75,997	75,997	75,997	0	75,997	75,997	0	0
Debt Service	24,842	24,842	24,842	0	24,842	24,842	0	0
Total Costs	\$9,920,944	\$10,362,104	\$10,562,684	\$200,580	\$10,317,378	\$10,517,446	\$200,068	\$400,648
General Fund	986,083	1,526,113	1,507,983	(18,130)	1,515,716	1,497,575	(18,141)	(36,271)
State/Other Special	7,569,126	7,422,493	7,657,822	235,329	7,394,464	7,629,303	234,839	470,168
Federal Special	1,365,735	1,413,498	1,396,879	(16,619)	1,407,198	1,390,568	(16,630)	(33,249)
Total Funds	\$9,920,944	\$10,362,104	\$10,562,684	\$200,580	\$10,317,378	\$10,517,446	\$200,068	\$400,648

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget is just over \$0.4 million higher than the executive request because the legislature did not approve a proposed reduction in the Brands Enforcement Division, which would have decreased the budget by

\$700,000 and 8.71 FTE. The 2% additional vacancy savings reduction applied statewide partially offset this increase.

Language and Statutory Authority

The legislature included the following language in HB 2.

“Centralized Services Program includes a reduction in state special revenue of \$116,334 in fiscal year 2014 and \$116,408 in fiscal year 2015. Meat and Poultry Inspection Program includes a reduction in general fund of \$18,130 in fiscal year 2014 and \$18,141 in fiscal year 2015 and federal special revenue of \$16,619 in fiscal year 2014 and \$16,630 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	20.78	20.78	19.75	19.75	20.78	19.75	(1.03)	(4.96%)
Personal Services	1,138,874	1,190,550	1,046,030	1,045,323	2,329,424	2,091,353	(238,071)	(10.22%)
Operating Expenses	509,872	762,037	581,247	533,037	1,271,909	1,114,284	(157,625)	(12.39%)
Equipment & Intangible Assets	7,149	9,352	7,149	7,149	16,501	14,298	(2,203)	(13.35%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	75,997	0	75,997	75,997	75,997	151,994	75,997	100.00%
Total Costs	\$1,731,892	\$1,961,939	\$1,710,423	\$1,661,506	\$3,693,831	\$3,371,929	(\$321,902)	(8.71%)
General Fund	67,374	70,100	85,077	80,354	137,474	165,431	27,957	20.34%
State Special	1,664,518	1,891,839	1,625,346	1,581,152	3,556,357	3,206,498	(349,859)	(9.84%)
Total Funds	\$1,731,892	\$1,961,939	\$1,710,423	\$1,661,506	\$3,693,831	\$3,371,929	(\$321,902)	(8.71%)

Program Description

The Centralized Services Division is responsible for:

- Budgeting
- Accounting
- Payroll
- Personnel
- Legal services
- Purchasing
- Administrative
- Information technology
- Public information
- General services functions
- Supervising the Milk Control Bureau and Livestock Loss Board staff, both of which are administratively attached to the department

The Predator Control Program is administered by the Board of Livestock and the executive officer. The Livestock Crimestoppers Commission and the Beef Research and Marketing Committee are also administratively attached. The 2013 Legislature transferred the Board of Horse Racing (BOHR) to the Department of Commerce beginning in FY 2014.

Program Highlights

Centralized Services Division	
Major Budget Highlights	
◆	The legislatively approved budget decreased by 8.71% from the previous biennium primarily due to a reduction of 1.03 FTE and \$68,519 in FY 2014 and \$68,427 in FY 2015 of state special revenue funding associated with the Board of Horse Racing (BOHR) activities in order to align expenditures with available funding
◆	The Board of Horse Racing was given a general fund loan in FY 2012 of \$628,428, to be repaid over a period of ten years with annual payments of \$62,842.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Centralized Services Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$165,431	\$0	\$0	\$165,431	3.4%		
State Special Total	\$3,206,498	\$0	\$1,469,766	\$4,676,264	96.6%		
02029 Board Of Horse Racing	\$174,978	\$0	\$258,000	\$432,978	8.9%	23-4-105	Pass Thru
02063 Bohr Simulcast	\$120,000	\$0	\$111,766	\$231,766	4.8%	23-4-105	Pass Thru
02117 Predatory Animal Ssr	\$0	\$0	\$700,000	\$700,000	14.5%	81-7-106	Direct
02124 Libm Restricted	\$0	\$0	\$400,000	\$400,000	8.3%	81-1-110	Pass Thru
02426 Lvstk Per Capita	\$2,496,956	\$0	\$0	\$2,496,956	51.6%		
02817 Milk Control Bureau	\$414,564	\$0	\$0	\$414,564	8.6%		
Total All Funds	\$3,371,929	\$0	\$1,469,766	\$4,841,695	100.0%		
Percent - Total All Sources	69.6%	0.0%	30.4%				

The Centralized Services Division is primarily funded by livestock per capita fees, accounting for 51.6% of funding. The remaining special revenue supports the administratively attached Milk Control Bureau and Board of Horse Racing. General fund accounts for 3.4%, which supports operations and payment for wolf losses.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	67,374	67,374	134,748	81.45%	1,731,892	1,731,892	3,463,784	102.72%
Statewide PL Adjustments	1,377	1,654	3,031	1.83%	121,847	77,871	199,718	5.92%
Other PL Adjustments	16,326	11,326	27,652	16.72%	41,537	36,578	78,115	2.32%
New Proposals	0	0	0	0.00%	(184,853)	(184,835)	(369,688)	(10.96%)
Total Budget	\$85,077	\$80,354	\$165,431		\$1,710,423	\$1,661,506	\$3,371,929	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				141,569					140,813	
Vacancy Savings				(50,960)					(50,929)	
Inflation/Deflation				(107)					152	
Fixed Costs				31,345					(12,165)	
Total Statewide Present Law Adjustments										
	\$1,377	\$120,470	\$0	\$121,847		\$1,654	\$76,217	\$0	\$77,871	
DP 50 - Initial Motion to FY 2012 Base	0.00	(1,377)	(120,489)	0	(121,866)	0.00	(1,654)	(76,236)	0	(77,890)
DP 51 - Adjustment for Statewide Personal Services	0.00	852	89,776	0	90,628	0.00	1,099	88,804	0	89,903
DP 52 - Adjustment for Statewide Operations	0.00	525	32,314	0	32,839	0.00	555	(10,926)	0	(10,371)
DP 101 - Replacement Personal Computers	0.00	0	18,610	0	18,610	0.00	0	18,610	0	18,610
DP 102 - Animal Health System Maintenance	0.00	5,000	5,000	0	10,000	0.00	5,000	5,000	0	10,000
DP 103 - Animal Health System Customization (OTO)	0.00	5,000	0	0	5,000	0.00	0	0	0	0
DP 106 - Livestock Loss Board Meetings	0.00	6,326	0	0	6,326	0.00	6,326	0	0	6,326
Total Other Present Law Adjustments										
	0.00	\$16,326	\$25,211	\$0	\$41,537	0.00	\$11,326	\$25,252	\$0	\$36,578
Grand Total All Present Law Adjustments										
	0.00	\$17,703	\$145,681	\$0	\$163,384	0.00	\$12,980	\$101,469	\$0	\$114,449

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 101 - Replacement Personal Computers - The legislature approved funding from the per capita fee fund to continue replacing computers on a five year cycle. The appropriation, all from state special revenue, accounts for the additional amount above and beyond the base (\$9,990), which replaces 22 computers.

DP 102 - Animal Health System Maintenance - The legislature approved 50% general fund and 50% from the per capita fee fund each year of the 2015 biennium for network support and software maintenance costs for the USAHerds system. The system came on line in January of 2011 and maintenance costs were not billed in FY 2012. This system is used by the department to manage the importing of animals into the state, and to track and manage animal diseases.

DP 103 - Animal Health System Customization OTO - The legislature approved one-time-only general fund in FY 2014 for customization of the USAHerds system.

DP 106 - Livestock Loss Board Meetings - The legislature approved expenditures in the base for the Livestock Loss Board (LLB), including two in-person meetings from the general fund. The legislature approved additional funding for four in-person meetings. The total cost for four meetings is \$12,652, or an increase of \$6,326 over base expenditures.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	0	(116,334)	0	(116,334)	0.00	0	(116,408)	0	(116,408)
DP 109 - Board of Horse Racing Adjustment										
01	(1.03)	0	(68,519)	0	(68,519)	(1.03)	0	(68,427)	0	(68,427)
Total	(1.03)	\$0	(\$184,853)	\$0	(\$184,853)	(1.03)	\$0	(\$184,835)	\$0	(\$184,835)

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 109 - Board of Horse Racing Adjustment - The legislature approved a reduction of 1.03 FTE and \$68,519 in FY 2014 and \$68,427 in FY 2015 from the Board of Horse Racing account and the simulcast account, for funding associated with the Board of Horse Racing (BOHR) activities in order to align expenditures to available funding.

Language and Statutory Authority

The legislature included the following language in HB 2.

“Centralized Services Program includes a reduction in state special revenue of \$116,334 in fiscal year 2014 and \$116,408 in fiscal year 2015. Meat and Poultry Inspection Program includes a reduction in general fund of \$18,130 in fiscal year 2014 and \$18,141 in fiscal year 2015 and federal special revenue of \$16,619 in fiscal year 2014 and \$16,630 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	21.76	21.76	21.76	21.76	21.76	21.76	0.00	0.00%
Personal Services	1,147,130	1,178,036	1,196,492	1,198,472	2,325,166	2,394,964	69,798	3.00%
Operating Expenses	793,588	751,342	733,166	731,226	1,544,930	1,464,392	(80,538)	(5.21%)
Equipment & Intangible Assets	0	5,258	0	0	5,258	0	(5,258)	(100.00%)
Debt Service	24,842	25,000	24,842	24,842	49,842	49,684	(158)	(0.32%)
Total Costs	\$1,965,560	\$1,959,636	\$1,954,500	\$1,954,540	\$3,925,196	\$3,909,040	(\$16,156)	(0.41%)
General Fund	302,657	303,837	289,824	289,284	606,494	579,108	(27,386)	(4.52%)
State Special	1,662,903	1,655,799	1,664,676	1,665,256	3,318,702	3,329,932	11,230	0.34%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$1,965,560	\$1,959,636	\$1,954,500	\$1,954,540	\$3,925,196	\$3,909,040	(\$16,156)	(0.41%)

Program Description

The Diagnostic Laboratory provides livestock laboratory diagnostic support for livestock producers and the Animal Health and Milk and Egg programs. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks, and other agencies in protecting the health of animals, wildlife, and the public.

Program Highlights

Diagnostic Laboratory Program	
Major Budget Highlights	
•	The legislatively approved budget decreases by 0.41% from the previous biennium due to statewide present law adjustments, offset by a \$55,000 operations reduction.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Diagnostic Laboratory Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$579,108	\$0	\$0	\$579,108	14.8%		
State Special Total	\$3,329,932	\$0	\$0	\$3,329,932	85.2%		
02426 Lvstk Per Capita	\$1,278,613	\$0	\$0	\$1,278,613	32.7%		
02427 Animal Health	\$2,051,319	\$0	\$0	\$2,051,319	52.5%		
Total All Funds	\$3,909,040	\$0	\$0	\$3,909,040	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Diagnostic Laboratory (lab) is supported with general fund, animal health fees, and per capita fees. The Diagnostic Laboratory (lab) is located on the Montana State University campus in Bozeman. The lab provides fee-for-service testing to veterinarians, livestock producers, and public health and wildlife agencies.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	302,657	302,657	605,314	104.53%	1,965,560	1,965,560	3,931,120	100.56%
Statewide PL Adjustments	(12,833)	(13,373)	(26,206)	(4.53%)	33,632	36,466	70,098	1.79%
Other PL Adjustments	0	0	0	0.00%	6,808	7,514	14,322	0.37%
New Proposals	0	0	0	0.00%	(51,500)	(55,000)	(106,500)	(2.72%)
Total Budget	\$289,824	\$289,284	\$579,108		\$1,954,500	\$1,954,540	\$3,909,040	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
Personal Services					99,217				
Vacancy Savings					(49,855)				
Inflation/Deflation					(4,313)				
Fixed Costs					(11,417)				
Total Statewide Present Law Adjustments									
		(\$12,833)	\$46,465	\$0	\$33,632		(\$13,373)	\$49,839	\$0
DP 50 - Initial Motion to FY 2012 Base									
	0.00	12,833	(46,465)	0	(33,632)	0.00	13,373	(49,839)	0
DP 51 - Adjustment for Statewide Personal Services									
	0.00	(13,314)	62,676	0	49,362	0.00	(14,193)	65,535	0
DP 52 - Adjustment for Statewide Operations									
	0.00	481	(16,211)	0	(15,730)	0.00	820	(15,696)	0
DP 302 - Milk Lab Incubator (OTO)									
	0.00	0	2,000	0	2,000	0.00	0	0	0
DP 304 - Lab Recharges to MSU									
	0.00	0	4,808	0	4,808	0.00	0	7,514	0
Total Other Present Law Adjustments									
	0.00	\$0	\$6,808	\$0	\$6,808	0.00	\$0	\$7,514	\$0
Grand Total All Present Law Adjustments									
	0.00	(\$12,833)	\$53,273	\$0	\$40,440	0.00	(\$13,373)	\$57,353	\$0

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 302 - Milk Lab Incubator OTO - The legislature approved funding to replace a 20 year old incubator in the milk lab with funding from the animal health fund.

DP 304 - Lab Recharges to MSU - The legislature approved an increase to the base in the 2015 biennium from the per capita fee fund. MSU charges the lab for facility services. Lab recharges are assessed by MSU for facility services based upon square footage.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 301 - Operational Reduction and Fund Switch										
03	0.00	0	(55,000)	0	(55,000)	0.00	0	(55,000)	0	(55,000)
DP 303 - PCR Shaker and Micro Centrifuge (OTO)										
03	0.00	0	3,500	0	3,500	0.00	0	0	0	0
Total	0.00	\$0	(\$51,500)	\$0	(\$51,500)	0.00	\$0	(\$55,000)	\$0	(\$55,000)

DP 301 - Operational Reduction and Fund Switch - The legislature approved a reduction of \$55,000 of per capita fee state special revenue funding and operational expenditures each year of the 2015 biennium. In addition, animal health state special revenue funding is replaced with per capita fee state special revenue in FY 2014 in order to balance the department's expenditures with available funding.

DP 303 - PCR Shaker and Micro Centrifuge (OTO) - The legislature approved one-time-only per capita fee funding to replace the PCR (Polymerase Chain Reaction) machine, a molecular biological test of DNA, that producers use to identify specific animal diseases in a timely manner. The testing procedure generates significant revenue for the department.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	13.50	13.50	15.50	15.50	13.50	15.50	2.00	14.81%
Personal Services	613,170	804,387	957,044	956,146	1,417,557	1,913,190	495,633	34.96%
Operating Expenses	760,180	715,128	981,743	981,058	1,475,308	1,962,801	487,493	33.04%
Equipment & Intangible Assets	0	38,831	0	0	38,831	0	(38,831)	(100.00%)
Total Costs	\$1,373,350	\$1,558,346	\$1,938,787	\$1,937,204	\$2,931,696	\$3,875,991	\$944,295	32.21%
General Fund	0	0	506,615	506,413	0	1,013,028	1,013,028	n/a
State Special	643,558	713,838	688,818	688,805	1,357,396	1,377,623	20,227	1.49%
Federal Special	729,792	844,508	743,354	741,986	1,574,300	1,485,340	(88,960)	(5.65%)
Total Funds	\$1,373,350	\$1,558,346	\$1,938,787	\$1,937,204	\$2,931,696	\$3,875,991	\$944,295	32.21%

Program Description

The Animal Health Division (State Veterinarian Office) provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and alternative livestock animals. The program cooperates with the Departments of Public Health and Human Services and Fish, Wildlife and Parks and the US Department of Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects public and animal health from rabies by monitoring new rabies infections and enforcing quarantines.

Program Highlights

Animal Health Division Major Budget Highlights	
♦	The legislatively approved budget increases by 32.2% from the previous biennium due primarily to: <ul style="list-style-type: none"> Statewide present law adjustments \$0.5 million general fund each year of the biennium for brucellosis testing, including a veterinarian and a compliance specialist

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Animal Health Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,013,028	\$0	\$0	\$1,013,028	26.1%		
State Special Total	\$1,377,623	\$0	\$0	\$1,377,623	35.5%		
02426 Lvstk Per Capita	\$1,299,735	\$0	\$0	\$1,299,735	33.5%		
02427 Animal Health	\$77,888	\$0	\$0	\$77,888	2.0%		
Federal Special Total	\$1,485,340	\$0	\$0	\$1,485,340	38.3%		
03427 Bison Trap Funds	\$1,485,340	\$0	\$0	\$1,485,340	38.3%		
Total All Funds	\$3,875,991	\$0	\$0	\$3,875,991	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program is predominantly funded with state special revenue from the per capita fund to support disease control, import/export activities, and alternative livestock activities. Federal funds support bison operations and the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) research and cooperative efforts. General fund supports brucellosis activities for the 2015 biennium.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,373,350	1,373,350	2,746,700	70.86%
Statewide PL Adjustments	0	0	0	0.00%	204,306	203,225	407,531	10.51%
Other PL Adjustments	0	0	0	0.00%	(145,484)	(145,784)	(291,268)	(7.51%)
New Proposals	506,615	506,413	1,013,028	100.00%	506,615	506,413	1,013,028	26.14%
Total Budget	\$506,615	\$506,413	\$1,013,028		\$1,938,787	\$1,937,204	\$3,875,991	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
Fiscal 2014					Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				244,744					244,018
Vacancy Savings				(34,317)					(34,287)
Inflation/Deflation				(2,106)					(1,150)
Fixed Costs				(4,015)					(5,356)
Total Statewide Present Law Adjustments	\$0	\$42,773	\$161,533	\$204,306		\$0	\$42,827	\$160,398	\$203,225
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(42,773)	(161,533)	0.00	0	(42,827)	(160,398)	(203,225)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	46,578	163,849	0.00	0	46,170	163,561	209,731
DP 52 - Adjustment for Statewide Operations	0.00	0	(3,805)	(2,316)	0.00	0	(3,343)	(3,163)	(6,506)
DP 403 - Vehicle Lease -Animal Health Division	0.00	0	2,487	0	0.00	0	2,420	0	2,420
DP 404 - Cattle Health (Bison) Fund Reduction	0.00	0	0	(147,971)	0.00	0	0	(148,204)	(148,204)
Total Other Present Law Adjustments	0.00	\$0	\$2,487	(\$147,971)	0.00	\$0	\$2,420	(\$148,204)	(\$145,784)
Grand Total All Present Law Adjustments	0.00	\$0	\$45,260	\$13,562	\$58,822	0.00	\$0	\$45,247	\$12,194
									\$57,441

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 403 - Vehicle Lease -Animal Health Division - The legislature approved per capita fee funding to replace one vehicle with a leased vehicle from the DOT motor pool over the biennium. The vehicle is used by animal health inspectors traveling over 40,000 miles a year investigating animal disease and import violations.

DP 404 - Cattle Health (Bison) Fund Reduction - The legislature approved reducing cattle health (bison) federal funds to the amount anticipated to be received, or \$716,000. The reduction will have an impact on contracts with the Department of Fish, Wildlife, and Parks that do brucellosis testing

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - DSA Vet and Compliance Specialist (OTO)										
04	2.00	133,447	0	0	133,447	2.00	133,245	0	0	133,245
DP 402 - DSA Brucellosis Testing (OTO)										
04	0.00	373,168	0	0	373,168	0.00	373,168	0	0	373,168
Total	2.00	\$506,615	\$0	\$0	\$506,615	2.00	\$506,413	\$0	\$0	\$506,413

DP 401 - DSA Vet and Compliance Specialist OTO - The legislature approved general fund for a veterinarian and a compliance specialist for the Designated Surveillance Area (DSA) for brucellosis control in Montana.

DP 402 - DSA Brucellosis Testing (OTO) - The legislature approved general fund for brucellosis surveillance to maintain brucellosis free status in Montana. The cost per test is estimated at \$9.89 and an estimated 37,731 cattle tested for a total anticipated cost of \$373,168 each year. The DSA has expanded over this last biennium and covers approximately 6,000 square miles, including parts of Park, Gallatin, Madison, and Beaverhead counties.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	6.50	6.50	6.50	6.50	6.50	6.50	0.00	0.00%
Personal Services	304,972	426,661	366,786	367,934	731,633	734,720	3,087	0.42%
Operating Expenses	65,008	53,720	62,969	65,807	118,728	128,776	10,048	8.46%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$369,980	\$480,381	\$429,755	\$433,741	\$850,361	\$863,496	\$13,135	1.54%
State Special	341,490	451,893	401,265	405,251	793,383	806,516	13,133	1.66%
Federal Special	28,490	28,488	28,490	28,490	56,978	56,980	2	0.00%
Total Funds	\$369,980	\$480,381	\$429,755	\$433,741	\$850,361	\$863,496	\$13,135	1.54%

Program Description

The Milk and Egg Inspection program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

Program Highlights

Milk and Egg Program Major Budget Highlights	
♦	The legislatively approved budget increases by 1.5% from the previous biennium primarily due to statewide present law adjustments.
♦	The legislature approved funding to replace one vehicle with a leased vehicle

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Milk & Egg Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$806,516	\$0	\$0	\$806,516	93.4%		
02262 Egg Shielded Grading Program	\$120,098	\$0	\$0	\$120,098	13.9%		
02427 Animal Health	\$686,418	\$0	\$0	\$686,418	79.5%		
Federal Special Total	\$56,980	\$0	\$0	\$56,980	6.6%		
03032 Animal Health Sp. Rev	\$56,980	\$0	\$0	\$56,980	6.6%		
Total All Funds	\$863,496	\$0	\$0	\$863,496	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

State special revenue from milk industry fees is the primary funding source for this division. Federal special revenues are provided by the U.S. Department of Agriculture to conduct shell egg surveillance.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	369,980	369,980	739,960	85.69%
Statewide PL Adjustments	0	0	0	0.00%	57,288	58,921	116,209	13.46%
Other PL Adjustments	0	0	0	0.00%	2,487	4,840	7,327	0.85%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$429,755	\$433,741	\$863,496	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					77,097					78,293
Vacancy Savings					(15,283)					(15,331)
Inflation/Deflation					(1,260)					(811)
Fixed Costs					(3,266)					(3,230)
Total Statewide Present Law Adjustments										
		\$0	\$57,288	\$0	\$57,288		\$0	\$58,921	\$0	\$58,921
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(57,288)	0	(57,288)	0.00	0	(58,921)	0	(58,921)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	61,814	0	61,814	0.00	0	62,962	0	62,962
DP 52 - Adjustment for Statewide Operations	0.00	0	(4,526)	0	(4,526)	0.00	0	(4,041)	0	(4,041)
DP 501 - Milk and Egg Vehicle Lease	0.00	0	2,487	0	2,487	0.00	0	4,840	0	4,840
Total Other Present Law Adjustments										
	0.00	\$0	\$2,487	\$0	\$2,487	0.00	\$0	\$4,840	\$0	\$4,840
Grand Total All Present Law Adjustments										
	0.00	\$0	\$59,775	\$0	\$59,775	0.00	\$0	\$63,761	\$0	\$63,761

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 501 - Milk and Egg Vehicle Lease - The legislature approved animal health funding to replace one vehicle with a leased vehicle from the DOT motor pool over the biennium. The vehicle is used by milk and egg inspectors traveling over 40,000 miles a year. This request replaces one of five pick-up trucks each year.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	57.71	57.71	57.71	57.71	57.71	57.71	0.00	0.00%
Personal Services	2,737,255	2,802,797	2,776,095	2,777,695	5,540,052	5,553,790	13,738	0.25%
Operating Expenses	516,628	449,624	498,847	508,370	966,252	1,007,217	40,965	4.24%
Equipment & Intangible Assets	0	9,248	0	0	9,248	0	(9,248)	(100.00%)
Total Costs	\$3,253,883	\$3,261,669	\$3,274,942	\$3,286,065	\$6,515,552	\$6,561,007	\$45,455	0.70%
General Fund	2,943	2,943	2,943	2,943	5,886	5,886	0	0.00%
State Special	3,250,940	3,258,726	3,271,999	3,283,122	6,509,666	6,555,121	45,455	0.70%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$3,253,883	\$3,261,669	\$3,274,942	\$3,286,065	\$6,515,552	\$6,561,007	\$45,455	0.70%

Program Description

The Brands Enforcement Division is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and livestock inspections.

Program Highlights

Brands Enforcement Division	
Major Budget Highlights	
♦	The legislatively approved budget increases by 0.7% from the previous biennium due to overtime and funding for leased vehicles, partially offset by statewide present law adjustments

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Brands Enforcement Division							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,886	\$0	\$0	\$5,886	0.1%		
State Special Total	\$6,555,121	\$0	\$0	\$6,555,121	99.9%		
02425 Inspection And Control	\$3,386,168	\$0	\$0	\$3,386,168	51.6%		
02426 Lystk Per Capita	\$3,168,953	\$0	\$0	\$3,168,953	48.3%		
Total All Funds	\$6,561,007	\$0	\$0	\$6,561,007	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Brands Enforcement Division is funded with per capita fees and inspection and control funds. Inspection and control funds are generated from brand recordings, and market and local inspections. General fund comprises less than 1% of the total.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,943	2,943	5,886	100.00%	3,253,883	3,253,883	6,507,766	99.19%
Statewide PL Adjustments	0	0	0	0.00%	(40,074)	(33,476)	(73,550)	(1.12%)
Other PL Adjustments	0	0	0	0.00%	61,133	65,658	126,791	1.93%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$2,943	\$2,943	\$5,886		\$3,274,942	\$3,286,065	\$6,561,007	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments											
-----Fiscal 2014-----					-----Fiscal 2015-----						
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					96,200					97,867	
Vacancy Savings					(113,339)					(113,406)	
Inflation/Deflation					(10,113)					(5,525)	
Fixed Costs					(12,822)					(12,412)	
Total Statewide Present Law Adjustments		\$0	(\$40,074)	\$0	(\$40,074)		\$0	(\$33,476)	\$0	(\$33,476)	
DP 50 - Initial Motion to FY 2012 Base	0.00		40,074	0	40,074	0.00	0	33,476	0	33,476	
DP 51 - Adjustment for Statewide Personal Services	0.00	0	(17,139)	0	(17,139)	0.00	0	(15,539)	0	(15,539)	
DP 52 - Adjustment for Statewide Operations	0.00	0	(22,935)	0	(22,935)	0.00	0	(17,937)	0	(17,937)	
DP 601 - Brands Division Vehicle Lease	0.00	0	5,154	0	5,154	0.00	0	9,679	0	9,679	
DP 602 - Brand Overtime (RST)	0.00	0	55,979	0	55,979	0.00	0	55,979	0	55,979	
Total Other Present Law Adjustments		0.00	\$0	\$61,133	\$0	\$61,133	0.00	\$0	\$65,658	\$0	\$65,658
Grand Total All Present Law Adjustments		0.00	\$0	\$21,059	\$0	\$21,059	0.00	\$0	\$32,182	\$0	\$32,182

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 601 - Brands Division Vehicle Lease - The legislature approved inspection and control funds to replace five vehicles each year with leased vehicles from the DOT Motor Pool in a fleet of 30 brand enforcement vehicles.

DP 602 - Brand Overtime RST - The legislature approved funding for the restoration of overtime authority at the FY 2012 level from the inspection and control account. The program works extensive overtime during the fall market and at other peak times of the year. Overtime funding is required to be approved every biennium.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	20.50	20.50	21.50	21.50	20.50	21.50	1.00	4.88%
Personal Services	914,398	926,725	925,279	926,613	1,841,123	1,851,892	10,769	0.58%
Operating Expenses	311,881	308,668	328,998	317,777	620,549	646,775	26,226	4.23%
Total Costs	\$1,226,279	\$1,235,393	\$1,254,277	\$1,244,390	\$2,461,672	\$2,498,667	\$36,995	1.50%
General Fund	613,109	614,184	623,524	618,581	1,227,293	1,242,105	14,812	1.21%
State Special	5,717	5,717	5,718	5,717	11,434	11,435	1	0.01%
Federal Special	607,453	615,492	625,035	620,092	1,222,945	1,245,127	22,182	1.81%
Total Funds	\$1,226,279	\$1,235,393	\$1,254,277	\$1,244,390	\$2,461,672	\$2,498,667	\$36,995	1.50%

Program Description

The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

Program Highlights

Meat and Poultry Inspection Major Budget Highlights	
♦	The legislatively approved budget increases by 1.5% from the previous biennium primarily due to: <ul style="list-style-type: none"> ▪ Funding for a meat inspector, inspector training, and meat inspection field supplies • Application in this program of the 2% additional vacancy savings reduction, which can be allocated across all agency programs

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Livestock Funding by Source of Authority 2015 Biennium Budget - Meat/Poultry Inspection							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,242,105	\$0	\$0	\$1,242,105	49.7%		
State Special Total	\$11,435	\$0	\$0	\$11,435	0.5%		
02427 Animal Health	\$11,435	\$0	\$0	\$11,435	0.5%		
Federal Special Total	\$1,245,127	\$0	\$0	\$1,245,127	49.8%		
03209 Meat/poultry Inspection Sp Rev	\$1,245,127	\$0	\$0	\$1,245,127	49.8%		
Total All Funds	\$2,498,667	\$0	\$0	\$2,498,667	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The majority of meat and poultry inspection program funding is split evenly between federal funds and the general fund. Per cooperative agreement with the US Department of Agriculture, state special revenue funds cannot be used as match when they are derived through a fee on producers being inspected by the program. Since the majority of state special revenue funds are generated from fees on producers being inspected, general fund is used as match. A small portion of state special revenue derived from inspection fees on facilities are used in this division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	613,109	613,109	1,226,218	98.72%	1,226,279	1,226,279	2,452,558	98.15%
Statewide PL Adjustments	(1,977)	(184)	(2,161)	(0.17%)	1,703	5,288	6,991	0.28%
Other PL Adjustments	10,886	4,161	15,047	1.21%	21,772	8,322	30,094	1.20%
New Proposals	1,506	1,495	3,001	0.24%	4,523	4,501	9,024	0.36%
Total Budget	\$623,524	\$618,581	\$1,242,105		\$1,254,277	\$1,244,390	\$2,498,667	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				45,867						47,329
Vacancy Savings				(38,411)						(38,468)
Inflation/Deflation				(5,631)						(3,696)
Fixed Costs				(122)						123
Total Statewide Present Law Adjustments	(\$1,977)	\$1	\$3,679	\$1,703			(\$184)	\$0	\$5,472	\$5,288
DP 50 - Initial Motion to FY 2012 Base	0.00	1,977	(1)	(3,679)	(1,703)	0.00	184	0	(5,472)	(5,288)
DP 51 - Adjustment for Statewide Personal Services	0.00	(8,656)	4	16,108	7,456	0.00	(308)	0	9,169	8,861
DP 52 - Adjustment for Statewide Operations	0.00	6,679	(3)	(12,429)	(5,753)	0.00	124	0	(3,697)	(3,573)
DP 1001 - Meat Inspector Training (OTO/BIEN)	0.00	4,161	0	4,161	8,322	0.00	4,161	0	4,161	8,322
DP 1002 - Meat Inspection Field Supplies (OTO/BIEN)	0.00	6,725	0	6,725	13,450	0.00	0	0	0	0
Total Other Present Law Adjustments	0.00	\$10,886	\$0	\$10,886	\$21,772	0.00	\$4,161	\$0	\$4,161	\$8,322
Grand Total All Present Law Adjustments	0.00	\$8,909	\$1	\$14,565	\$23,475	0.00	\$3,977	\$0	\$9,633	\$13,610

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1001 - Meat Inspector Training OTO/BIEN - The legislature approved funding from the general fund and the meat and poultry inspection account for training for the Food Safety Inspection Service (FSIS) meat inspection program to maintain equal status in the federal state cooperative agreement.

DP 1002 - Meat Inspection Field Supplies OTO/BIEN - The legislature approved funding from the general fund and the meat and poultry inspection account for meat inspection equipment for field and office work used for the FSIS cooperative agreement. Funding is for items such as antibiotic test kits incubators, data loggers, and thermal couplers. This request is funded with 50% general fund and 50% federal funds.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
10	0.00	(18,130)	0	(16,619)	(34,749)	0.00	(18,141)	0	(16,630)	(34,771)
DP 1003 - Meat Inspection - New Plants (OTO)										
10	1.00	19,636	0	19,636	39,272	1.00	19,636	0	19,636	39,272
Total	1.00	\$1,506	\$0	\$3,017	\$4,523	1.00	\$1,495	\$0	\$3,006	\$4,501

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1003 - Meat Inspection - New Plants (OTO) - The legislature approved funding from the general fund and the meat and poultry inspection account for a meat inspector for new plants. Currently, there are six new plants that are requesting to begin operations. The legislature added 1.00 FTE meat inspector in the 2015 biennium funded with 50% general fund and 50% federal funds.

Language and Statutory Authority

The legislature included the following language in HB 2.

“Centralized Services Program includes a reduction in state special revenue of \$116,334 in fiscal year 2014 and \$116,408 in fiscal year 2015. Meat and Poultry Inspection Program includes a reduction in general fund of \$18,130 in fiscal year 2014 and \$18,141 in fiscal year 2015 and federal special revenue of \$16,619 in fiscal year 2014 and \$16,630 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	544.78	544.78	545.78	545.78	544.78	545.78	1.00	0.18%
Estimated Impact of HB 2*			(22.49)	(22.49)		(22.49)	(22.49)	
Net Estimated FTE*			523.29	523.29		523.29	(21.49)	
Equipment & Intangible Assets	989,822	930,497	1,165,808	1,166,472	1,920,319	2,332,280	411,961	21.45%
Capital Outlay	11,128	122,204	11,128	11,128	133,332	22,256	(111,076)	(83.31%)
Local Assistance	0	0	5,000,000	5,000,000	0	10,000,000	10,000,000	n/a
Grants	1,553,481	1,476,647	1,993,481	1,593,481	3,030,128	3,586,962	556,834	18.38%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	1,343,852	1,331,665	1,331,297	1,325,194	2,675,517	2,656,491	(19,026)	(0.71%)
Debt Service	381,946	473,418	641,253	631,370	855,364	1,272,623	417,259	48.78%
Total Costs	\$48,801,644	\$54,140,515	\$60,871,400	\$58,047,315	\$102,942,159	\$118,918,715	\$15,976,556	15.52%
General Fund	21,727,611	22,811,451	23,666,442	23,614,354	44,539,062	47,280,796	2,741,734	6.16%
State Special	25,053,700	29,275,510	35,208,644	32,441,542	54,329,210	67,650,186	13,320,976	24.52%
Federal Special	2,020,333	2,053,554	1,996,314	1,991,419	4,073,887	3,987,733	(86,154)	(2.11%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$48,801,644	\$54,140,515	\$60,871,400	\$58,047,315	\$102,942,159	\$118,918,715	\$15,976,556	15.52%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission: To help ensure Montana's land and water resources provide benefits for present and future generations.

The department is responsible for managing state trust land, protecting Montana's natural resources from wildfire; promoting stewardship of state water, soil, forest, and rangeland resources; providing assistance to the conservation districts; providing natural resource conservation education; and providing support to the Reserved Water Rights Compact Commission (will sunset July 2013) and the Board of Oil and Gas Conservation.

The department also administers the State Board of Land Commissioners, composed of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State. This board exercises general authority, direction, and control over the care, management, and disposition of state lands under its administration. The department director is the chief administrative officer of the board.

Agency Highlights

Department of Natural Resources and Conservation	
Major Budget Highlights	
♦	The legislatively approved budget increased 15.5% over the 2013 biennium, with the primary initiatives being: <ul style="list-style-type: none"> • \$2.6 million from state special revenue for overtime at the Broadwater hydropower facility, fisheries mitigation work, continued rehabilitation on the Ruby Dam and other state water projects, and loan repayment for Middle Creek Dam • \$200,000 per year in drinking water loan forgiveness • \$5.0 million per year for loan appropriation authority • Transfer of 3.00 FTE to the Water Court as part of the water rights adjudication process

Summary of Legislative Action

The legislature approved a biennial budget of \$118.9 million, of which \$67.7 million is derived from state special revenue. The total budget includes \$4.9 million in statewide present law adjustment, \$15.8 million in present law adjustments, and \$662,620 in new proposals.

The legislature had approved an additional \$1.4 million to the Board of Oil and Gas Conservation for educational purposes and \$0.5 million for Montana Rural Water Systems (MRWS). These items were line-item vetoed by the Governor. HB 2 also includes \$1.3 million in state special revenue for conservation districts and a water center at the Montana University System that are contingent on passage and approval of HB 556, a bill that would have eliminated the transfer of the balance of the coal tax shared account to the general fund to support projects listed above. The Governor vetoed this bill. As of this writing, a veto override poll had been sent to legislators. Therefore, these funds are still reflected in the agency comparison table.

Items that the legislature focused on that were passed and approved included \$740,000 over the biennium to continue an oil recovery study and compliance and field inspections and a decrease of \$1.4 million by an additional 2% vacancy savings rate applied to the Forestry and Trust Land Division, which can be allocated throughout the agency.

Fire Suppression

Montana had a severe 2012-2013 fire season. As a result, a large supplemental was appropriated to pay the fire suppression costs determined to be the responsibility of the state. The Figure shows the total current and projected fire suppression costs to the end of FY 2013, and how those costs were funded. As shown, the total is \$60.3 million, of which all but \$10.0 million is the responsibility of the state.

The legislature took two major actions to address future fire costs:

- Appropriated more general fund for fire suppression in HB 3 than was necessary to pay current and projected 2013 biennium fire costs, with the unobligated balance transferred to the fire suppression fund. As of this writing, the amount to be transferred is estimated at \$14.2 million of the \$50 million appropriated in HB 3
- Passed HB 354, which transfers the following potential funding sources to the fire suppression fund:
 - Any unencumbered and unexpended funds from the Governor's emergency statutory appropriation at the end of the biennium
 - Any unencumbered and unexpended general fund reversions in excess of 0.5% of total general fund appropriations each fiscal year as long as no reductions are required as provided in MCA 17-7-140
 - Any corporate license tax collected in excess of the revenue estimate each fiscal year through FY 2015

Fire Suppression Costs and Sources of Funding FY 2013

Total Actual and Projected Fire Costs	FY 2013
Other Parties Responsibility	\$10,006,875
State Responsibility	<u>50,251,567</u>
Total	\$60,258,442
Method of Funding State Responsibility	
Fire Suppression Fund*	4,100,000
Governor's Emergency Fund	10,368,145
Supplemental Appropriation**	<u>35,783,422</u>
Total	<u>\$50,251,567</u>

*Total amount available in FY 2013 prior to replenishment by HB 354.

**Total appropriation in HB 3 was \$50 million, with the additional funds transferred to the fire suppression fund

Sources of Funding for Fire Suppression Fund 2015 Biennium	
Sources	2015 Biennium
Excess Supplemental Appropriation*	\$14,216,578
HB 354	
Excess Corporate License over Revenue Estimate	**
Excess Governor's Emergency Fund	**
Reversions over 0.5%	**
*Projected as of May 10, 2013.	
**No projections at this time.	

The fire suppression fund is capped at \$100 million and statutorily appropriated to the Department of Natural Resources and Conservation.

Boilerplate

The boilerplate section in HB 2 includes the following language:

"It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium."

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 22.49 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$47,280,796	\$0	\$0	\$47,280,796	37.8%
State Special Total	67,650,186	-	-	67,650,186	54.1%
Federal Special Total	3,987,733	-	-	3,987,733	3.2%
Proprietary Total	-	6,108,957	-	6,108,957	4.9%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$118,918,715</u>	<u>\$6,108,957</u>	<u>\$0</u>	<u>\$125,027,672</u>	
Percent - Total All Sources	95.1%	4.9%	0.0%		

General fund supports operating costs across the department. The programs in the Forestry Division and the Water Resource Division receive the most general fund support.

The agency receives funds from interest derived from the resource indemnity trust (RIT), Resource Indemnity Groundwater Assessment (RIGWA) taxes, metal mines and oil and gas taxes for projects and operational support. The grant and loan programs funded by the RIT funds are also managed by the agency. A discussion on RIT and related funds can be found in the agency narrative of the Department of Environmental Quality.

Other state special revenue is derived from fire protection taxes, oil and gas operating fees, forest improvement fees, and revenues retained from state land activities for administration costs. Federal funds come from a variety of sources such as the Federal Emergency Management Agency, the United States Department of Agriculture, and the Bureau of Land Management. The agency includes proprietary funding that does not require an appropriation and so does not appear in HB 2. Rates charged to generate these funds are approved by the legislature and discussed in the individual program narratives that follow. This agency has an air operations fund and the seedling nursery fund. Both can be found at the end of the Forestry Division.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	21,727,611	21,727,611	43,455,222	91.91%	48,801,644	48,801,644	97,603,288	82.08%
Statewide PL Adjustments	1,790,458	1,735,676	3,526,134	7.46%	2,479,955	2,406,913	4,886,868	4.11%
Other PL Adjustments	440,991	443,930	884,921	1.87%	8,979,190	6,824,989	15,804,179	13.29%
New Proposals	(292,618)	(292,863)	(585,481)	(1.24%)	610,611	13,769	624,380	0.53%
Total Budget	\$23,666,442	\$23,614,354	\$47,280,796		\$60,871,400	\$58,047,315	\$118,918,715	

Other Legislation

HB 3 - This bill appropriates \$50.0 million for fire costs incurred and anticipated in the 2013 biennium and to replenish the fire suppression fund. For a further discussion, see the Fire Suppression discussion in the Summary of Legislative Action section of this narrative.

HB 6 - This bill appropriates \$29.5 million, all from the natural resources projects account, for the renewable resource grant and loan (RRGL) program.

HB 7 - This bill appropriates \$6.2 million, all from the natural resources projects account, for the reclamation and development grant program (RDGP).

HB 11 - This bill appropriates \$17,000,000 from the treasure state endowment regional water system special revenue account to finance the state's share of regional water system projects authorized in MCA 90-6-715 (2).

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 354 - This bill transfers the following potential funding sources to the fire suppression fund:

- Any unencumbered and unexpended funds from the Governor's emergency statutory appropriation at the end of the biennium
- Any unencumbered and unexpended general fund reversions in excess of 0.5% of total general fund appropriations each fiscal year as long as no reductions are required as provided in MCA 17-7-140
- Any corporate license tax collected in excess of the revenue estimate each fiscal year through FY 2015

HB 586 - This bill amends the aquatic invasive species act and appropriates \$1.0 million to the Department of Fish, Wildlife, and Parks and \$300,000 to the Department of Natural Resources and Conservation from the general fund for the 2015 biennium for prevention and eradication of aquatic invasive species.

SB 410 - This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor's Office. The funding can be transferred at the Governor's discretion in the 2015 biennium to the following departments for operations costs:

- Governor's Office
- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	544.78	542.78	545.78	3.00	542.78	545.78	3.00	
Estimated Impact of HB 2*			(22.49)	(22.49)		(22.49)	(22.49)	
Net Estimated FTE*			523.29	(19.49)		523.29	(19.49)	
Personal Services	31,457,109	33,810,098	33,250,474	(559,624)	33,838,456	33,278,045	(560,411)	(1,120,035)
Operating Expenses	13,064,306	16,731,521	17,277,959	546,438	14,491,935	14,841,625	349,690	896,128
Equipment & Intangible Assets	989,822	1,116,676	1,165,808	49,132	1,116,676	1,166,472	49,796	98,928
Capital Outlay	11,128	11,128	11,128	0	11,128	11,128	0	0
Local Assistance	0	5,000,000	5,000,000	0	5,000,000	5,000,000	0	0
Grants	1,553,481	1,553,481	1,993,481	440,000	1,553,481	1,593,481	40,000	480,000
Benefits & Claims	0	200,000	200,000	0	200,000	200,000	0	0
Transfers	1,343,852	1,331,297	1,331,297	0	1,325,194	1,325,194	0	0
Debt Service	381,946	641,253	641,253	0	631,370	631,370	0	0
Total Costs	\$48,801,644	\$60,395,454	\$60,871,400	\$475,946	\$58,168,240	\$58,047,315	(\$120,925)	\$355,021
General Fund	21,727,611	24,185,711	23,666,442	(519,269)	24,133,452	23,614,354	(519,098)	(1,038,367)
State/Other Special	25,053,700	34,149,975	35,208,644	1,058,669	31,979,863	32,441,542	461,679	1,520,348
Federal Special	2,020,333	2,059,768	1,996,314	(63,454)	2,054,925	1,991,419	(63,506)	(126,960)
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$48,801,644	\$60,395,454	\$60,871,400	\$475,946	\$58,168,240	\$58,047,315	(\$120,925)	\$355,021

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget decreased by \$931,979 from the executively proposed budget. The primary differences include new proposals accounting for \$740,000 over the biennium to continue an oil recovery study and compliance and field inspections that the Governor had not recommended, offset by a decrease of \$1.4 million resulting from an additional 2% vacancy savings.

Included in the table above is the expenditures contingent upon passage and approval of HB 556 detailed on page 2 of this summary. The table shows an increase of \$355,021 over the Governor's proposed budget.

Language and Statutory Authority

The legislature included the following language in HB 2.

"During the 2015 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2015 biennium, up to \$100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2015 biennium, up to \$2,200,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

"The department is appropriated up to \$600,000 for the 2015 biennium from the natural resources operations account established in 15-38-301 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

"The department is appropriated up to \$200,000 for the 2015 biennium from the coal bed methane protection account established in 76-15-904 for potential landowner or water right holder claims for emergency loss of water related to coal bed methane development."

"The department is authorized to decrease federal special revenue in the pollution control and/or drinking water revolving fund loan programs and increase state special revenue by a like amount within administration accounts when the amount of federal EPA CAP grant funds allocated for administration of the grant have been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

"If House Bill No. 556 is not passed and approved, Yellowstone River Conservation District Council, Sheridan County Conservation District, Conservation District Support, MT Salinity Drilling Equipment, MT Salinity Technical Assistance, and MSU Montana Water Center funding is void."

"Forestry and Trust Lands includes a reduction in general fund of \$296,118 in fiscal year 2014 and \$296,363 in fiscal year 2015, state special revenue of \$345,471 in fiscal year 2014 and \$345,757 in fiscal year 2015, and federal special revenue of \$63,454 in fiscal year 2014 and \$63,506 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	55.50	55.50	56.50	56.50	55.50	56.50	1.00	1.80%
Personal Services	3,298,585	3,678,126	3,834,406	3,833,742	6,976,711	7,668,148	691,437	9.91%
Operating Expenses	1,535,224	892,084	1,616,387	1,465,386	2,427,308	3,081,773	654,465	26.96%
Total Costs	\$4,833,809	\$4,570,210	\$5,450,793	\$5,299,128	\$9,404,019	\$10,749,921	\$1,345,902	14.31%
General Fund	3,117,526	3,044,606	3,497,385	3,418,502	6,162,132	6,915,887	753,755	12.23%
State Special	1,470,507	1,275,663	1,685,156	1,618,584	2,746,170	3,303,740	557,570	20.30%
Federal Special	245,776	249,941	268,252	262,042	495,717	530,294	34,577	6.98%
Total Funds	\$4,833,809	\$4,570,210	\$5,450,793	\$5,299,128	\$9,404,019	\$10,749,921	\$1,345,902	14.31%

Program Description

Centralized Services Division is comprised of the Director's Office, Legal Services Office, Financial Services Office, Office of Information Technology, and the Human Resources Office. The director is responsible for the administration of all the functions vested by law in the department and for establishing policy to be followed by the department. In addition, the work units in the Centralized Services Division provide legal, personnel, financial, budgetary, procurement and contracting, information technology, and communications services to the director and the divisions within the agency.

Program Highlights

Centralized Serviced Division Major Budget Highlights	
<ul style="list-style-type: none"> The legislatively approved budget increased 14.31% over the 2013 biennium, primarily due to present law adjustments, including 1.00 FTE for an applications developer and an agency-wide records management and imaging program 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Centralized Services							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$6,915,887	\$0	\$0	\$6,915,887	64.3%		
State Special Total	\$3,303,740	\$0	\$0	\$3,303,740	30.7%		
02039 Forestry-fire Protection Taxes	\$362,795	\$0	\$0	\$362,795	3.4%		
02052 Rangeland Improvement Loans	\$33,406	\$0	\$0	\$33,406	0.3%		
02073 Forestry - Slash Disposal	\$11,482	\$0	\$0	\$11,482	0.1%		
02145 Broadwater O & M	\$44,887	\$0	\$0	\$44,887	0.4%		
02340 Coal Sev. Tax Shared Ssr	\$19,833	\$0	\$0	\$19,833	0.2%		
02430 Water Right Appropriation	\$171,200	\$0	\$0	\$171,200	1.6%		
02431 Water Adjudication	\$592,083	\$0	\$0	\$592,083	5.5%		
02432 Oil & Gas Era	\$210,226	\$0	\$0	\$210,226	2.0%		
02576 Natural Resources Operations Ssr Fu	\$76,404	\$0	\$0	\$76,404	0.7%		
02825 Water Well Contractors	\$12,527	\$0	\$0	\$12,527	0.1%		
02938 Tlmd - Administration	\$1,768,897	\$0	\$0	\$1,768,897	16.5%		
Federal Special Total	\$530,294	\$0	\$0	\$530,294	4.9%		
03255 Csd Federal Indirect	\$530,294	\$0	\$0	\$530,294	4.9%		
Total All Funds	\$10,749,921	\$0	\$0	\$10,749,921	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded from revenue sources used throughout the department on a shared basis, with 64% general fund, 31% state special revenue, and 5% federal revenue. The state special revenue funds are allocated to cover the cost of services provided to other programs in the department. The federal revenue is a portion of the federal funds provided for overhead costs.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,117,526	3,117,526	6,235,052	90.16%	4,833,809	4,833,809	9,667,618	89.93%
Statewide PL Adjustments	288,947	210,093	499,040	7.22%	446,725	324,491	771,216	7.17%
Other PL Adjustments	90,912	90,883	181,795	2.63%	170,259	140,828	311,087	2.89%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$3,497,385	\$3,418,502	\$6,915,887		\$5,450,793	\$5,299,128	\$10,749,921	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					622,659					622,079
Vacancy Savings					(156,848)					(156,826)
Inflation/Deflation					510					1,171
Fixed Costs					(19,596)					(141,933)
Total Statewide Present Law Adjustments										
	\$288,947		\$135,302	\$22,476	\$446,725		\$210,093	\$98,132	\$16,266	\$324,491
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(288,947)	(135,302)	(22,476)	(446,725)	0.00	(210,093)	(98,132)	(16,266)	(324,491)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	946,125	(442,327)	(37,987)	465,811	0.00	211,048	408,987	(154,782)	465,253
DP 52 - Adjustment for Statewide Operations										
	0.00	(651,266)	577,629	60,463	(13,174)	0.00	4,928	(310,855)	171,048	(134,879)
DP 2101 - CSD/OIT Applications Development										
	1.00	85,000	0	0	85,000	1.00	85,000	0	0	85,000
DP 2102 - DNRC Records Management										
	0.00	0	79,347	0	79,347	0.00	0	49,945	0	49,945
Total Other Present Law Adjustments										
	1.00	\$90,912	\$79,347	\$0	\$170,259	1.00	\$90,883	\$49,945	\$0	\$140,828
Grand Total All Present Law Adjustments										
	1.00	\$379,859	\$214,649	\$22,476	\$616,984	1.00	\$300,976	\$148,077	\$16,266	\$465,319

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2101 - CSD/OIT Applications Development - The legislature approved general fund and 1.00 FTE for an applications developer to provide software engineering and application development capabilities to meet a wide variety of DNRC responsibilities across the organization. It is anticipated that internal systems development expertise will provide significant cost savings for initial application development, enhancements, and maintenance.

DP 2102 - DNRC Records Management - The legislature approved state special revenue funding, primarily from the fire protection taxes and trust land administration accounts, for the implementation of a comprehensive, agency-wide records management and imaging program using an enterprise/electronic content management (ECM) approach. The goal of the program is to increase efficiency by reducing costs and inefficiencies related to paper storage costs, space requirements, and staff time spent managing and accessing DNRC information.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	21.50	21.50	24.50	24.50	21.50	24.50	3.00	13.95%
Personal Services	1,092,278	1,310,775	1,490,167	1,489,582	2,403,053	2,979,749	576,696	24.00%
Operating Expenses	494,829	3,757,299	872,251	745,329	4,252,128	1,617,580	(2,634,548)	(61.96%)
Equipment & Intangible Assets	52,729	48,075	86,729	86,729	100,804	173,458	72,654	72.07%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,639,836	\$5,116,149	\$2,449,147	\$2,321,640	\$6,755,985	\$4,770,787	(\$1,985,198)	(29.38%)
State Special	1,532,366	5,008,598	2,337,677	2,210,170	6,540,964	4,547,847	(1,993,117)	(30.47%)
Federal Special	107,470	107,551	111,470	111,470	215,021	222,940	7,919	3.68%
Total Funds	\$1,639,836	\$5,116,149	\$2,449,147	\$2,321,640	\$6,755,985	\$4,770,787	(\$1,985,198)	(29.38%)

Program Description

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division's responsibilities include the following:

- Issue drilling permits
- Classify wells
- Establish well spacing units and pooling orders
- Inspect drilling, production, and seismic operations
- Investigate complaints
- Perform engineering studies
- Determine incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects
- Operate the underground injection control program
- Plug orphan wells
- Collect and maintain complete well data and production information

Program Highlights

Oil and Gas Conservation Division Major Budget Highlights	
◆	The legislatively approved budget decreased by 29.38% from the previous biennium due to one-time-only funding of \$3.0 million in the 2013 biennium to fund educational and research activities of the Board of Oil and Gas per 82-11-111(7), MCA

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Oil & Gas Conservation Div.						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference Category
State Special Total	\$4,547,847	\$0	\$0	\$4,547,847	95.3%	
02432 Oil & Gas Era	\$4,547,847	\$0	\$0	\$4,547,847	95.3%	
Federal Special Total	\$222,940	\$0	\$0	\$222,940	4.7%	
03356 Oil & Gas Federal	\$222,940	\$0	\$0	\$222,940	4.7%	
Total All Funds	\$4,770,787	\$0	\$0	\$4,770,787	100.0%	
Percent - Total All Sources	100.0%	0.0%	0.0%			

The division is funded through taxes levied on oil and gas wells and the class II annual operating fee. By statute (15-36-331, MCA), a percentage of oil production taxes and natural gas taxes are deposited to the account for the board's use. The Board of Oil and Gas Conservation (BOGC) is authorized by statute (82-11-131, MCA) to set privilege and license taxes up to 3/10 of 1% of the market value of each barrel of crude petroleum produced and of each 10,000 cubic feet of natural gas produced to comply with 15-36-331, MCA. The privilege and license tax is currently set at 30% of the maximum allowed by statute. Section 82-11-137, MCA provides for a maximum \$300 annual operating fee for each class II injection well. The board set the fee at \$200.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,639,836	1,639,836	3,279,672	68.74%
Statewide PL Adjustments	0	0	0	0.00%	245,667	247,327	492,994	10.33%
Other PL Adjustments	0	0	0	0.00%	188,490	68,582	257,072	5.39%
New Proposals	0	0	0	0.00%	375,154	365,895	741,049	15.53%
Total Budget	\$0	\$0	\$0		\$2,449,147	\$2,321,640	\$4,770,787	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments											
-----Fiscal 2014-----					-----Fiscal 2015-----						
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					300,427					300,028	
Vacancy Savings					(55,457)					(55,439)	
Inflation/Deflation					(2,851)					(880)	
Fixed Costs					3,548					3,618	
Total Statewide Present Law Adjustments		\$0	\$241,667	\$4,000	\$245,667		\$0	\$243,327	\$4,000	\$247,327	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(241,667)	(4,000)	(245,667)	0.00	0	(243,327)	(4,000)	(247,327)	
DP 51 - Adjustment for Statewide Personal Services	0.00	0	241,103	3,867	244,970	0.00	0	241,054	3,535	244,589	
DP 52 - Adjustment for Statewide Operations	0.00	0	564	133	697	0.00	0	2,273	465	2,738	
DP 2201 - BOGC Regulatory Program Adjustments (OTO)	0.00	0	40,360	0	40,360	0.00	0	40,452	0	40,452	
DP 2202 - BOGC UIC Program Adjustments (OTO)	0.00	0	28,130	0	28,130	0.00	0	28,130	0	28,130	
DP 2204 - Proc Manual & Field Inspections Sys (OTO/BIEN/RST)	0.00	0	120,000	0	120,000	0.00	0	0	0	0	
Total Other Present Law Adjustments		0.00	\$0	\$188,490	\$0	\$188,490	0.00	\$0	\$68,582	\$0	\$68,582
Grand Total All Present Law Adjustments		0.00	\$0	\$430,157	\$4,000	\$434,157	0.00	\$0	\$311,909	\$4,000	\$315,909

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2201 - BOGC Regulatory Program Adjustments OTO - The legislature approved funding from the oil and gas account for board member per diem, legal services, rent, janitorial services, property tax increases, and increased vehicle purchase costs.

DP 2202 - BOGC UIC Program Adjustments OTO - The legislature approved funding from the oil and gas account for board member per diem; legal services, janitorial services, rent, and property tax increases; an engineering contract for specialized Underground Injection Control (UIC) analyses; and increased vehicle purchase costs.

DP 2204 - Proc Manual & Field Inspections Sys OTO/BIEN/RST - The legislature approved funding from the oil and gas account for a biennial, one-time-only restricted appropriation to continue the development of a field inspection procedures manual and inspection system as suggested in a legislative audit of the Oil and Gas Division. Montana Tech did a scoping study of the project in FY 2012 and will perform the work through the 2015 biennium.

New Proposals

New Proposals		-----Fiscal 2014-----				-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2208 - BOGC EOR Study (OTO)										
22	0.00	0	178,976	0	178,976	0.00	0	169,717	0	169,717
DP 2209 - Compliance and Field Inspections (OTO)										
22	3.00	0	196,178	0	196,178	3.00	0	196,178	0	196,178
Total	3.00	\$0	\$375,154	\$0	\$375,154	3.00	\$0	\$365,895	\$0	\$365,895

DP 2208 - BOGC EOR Study OTO - The legislature approved funding from the oil and gas account to continue the Elm Coulee EOR study, which is an engineering feasibility study to evaluate the benefits of using miscible gases to improve the recovery of Bakken oil in the Elm Coulee Field in Richland County, Montana.

DP 2209 - Compliance and Field Inspections OTO - The legislature approved funding from the oil and gas account to fund 3.00 new FTE and related expenses to assist with compliance and field inspections associated with the Bakken oil boom in Eastern Montana.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	25.65	25.65	25.65	25.65	25.65	25.65	0.00	0.00%
Personal Services	1,759,356	1,692,406	1,772,403	1,773,145	3,451,762	3,545,548	93,786	2.72%
Operating Expenses	1,743,665	1,935,860	2,567,982	2,382,389	3,679,525	4,950,371	1,270,846	34.54%
Equipment & Intangible Assets	25,547	25,622	25,547	25,547	51,169	51,094	(75)	(0.15%)
Local Assistance	0	0	5,000,000	5,000,000	0	10,000,000	10,000,000	n/a
Grants	1,364,016	1,292,156	1,804,016	1,404,016	2,656,172	3,208,032	551,860	20.78%
Benefits & Claims	0	0	200,000	200,000	0	400,000	400,000	n/a
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$4,892,584	\$4,946,044	\$11,369,948	\$10,785,097	\$9,838,628	\$22,155,045	\$12,316,417	125.18%
General Fund	976,643	985,337	1,005,989	1,008,041	1,961,980	2,014,030	52,050	2.65%
State Special	3,633,141	3,640,954	10,065,693	9,478,790	7,274,095	19,544,483	12,270,388	168.69%
Federal Special	282,800	319,753	298,266	298,266	602,553	596,532	(6,021)	(1.00%)
Total Funds	\$4,892,584	\$4,946,044	\$11,369,948	\$10,785,097	\$9,838,628	\$22,155,045	\$12,316,417	125.18%

Program Description

The Conservation and Resource Development Division (CARDD) provides technical, administrative, financial and legal assistance to Montana's 58 conservation districts by administering the Conservation District Act, Montana Rangeland Resources Act, and the Natural Streambed and Land Preservation Act. The division also manages several loan and grant programs for local communities, local governments, state agencies, and private citizens. The programs include the state revolving fund, which at the end of FY 2012 included \$530 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$39 million, and private loans for \$21.4 million. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs.

Program Highlights

Conservation and Resource Development Division Major Budget Highlights	
♦	The legislatively approved budget increased by budget by 125.18% from the previous biennium primarily due to a \$5.0 million per year addition for range land loans and other loans for the private non-point source loan program and funding for special projects for conservation districts.

Program Narrative

CARDD provides tools to help communities in Eastern Montana that have need for financing of water and wastewater improvements. The legislature provided funds for increased operating costs to service the projects that come into the program.

Programs the department is planning to provide loan funding for include water and wastewater system upgrades, development, and improvements. Entities that are receiving these services include the cities of Culbertson, Glendive, Flaxville, Sidney, Billings, and Miles City, and the Dry Prairie water system, with loan amounts surpassing \$21 million.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Conservation/Resource Dev Div							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,014,030	\$0	\$0	\$2,014,030	9.1%		
State Special Total	\$19,544,483	\$0	\$0	\$19,544,483	88.2%		
02015 Tsep Regional Water System	\$1,463,998	\$0	\$0	\$1,463,998	6.6%		
02052 Rangeland Improvement Loans	\$1,019,000	\$0	\$0	\$1,019,000	4.6%		
02316 Go94b/ban 93d Admin	\$53,478	\$0	\$0	\$53,478	0.2%		
02340 Coal Sev. Tax Shared Ssr	\$5,687,000	\$0	\$0	\$5,687,000	25.7%		
02433 Grazing District Fees	\$48,652	\$0	\$0	\$48,652	0.2%		
02490 Drinking Water Investment	\$400,000	\$0	\$0	\$400,000	1.8%		
02576 Natural Resources Operations Ssr Fu	\$1,362,355	\$0	\$0	\$1,362,355	6.1%		
02694 Coal Bed Methane Protection	\$510,000	\$0	\$0	\$510,000	2.3%		
02971 Srf Go Bond 2000f Tax Nps/rcb	\$9,000,000	\$0	\$0	\$9,000,000	40.6%		
Federal Special Total	\$596,532	\$0	\$0	\$596,532	2.7%		
03149 Wpc Srf Fy06 Grant	\$136,259	\$0	\$0	\$136,259	0.6%		
03152 Dw Srf Fy15 Grant	\$162,007	\$0	\$0	\$162,007	0.7%		
03409 Wpc Srf Fy10 Grant	\$136,259	\$0	\$0	\$136,259	0.6%		
03430 Dw Srf Fy14 Grant	\$162,007	\$0	\$0	\$162,007	0.7%		
Total All Funds	\$22,155,045	\$0	\$0	\$22,155,045	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

General fund supports program administration, salaries, and operating expenses. Funding from the natural resource operations fund is used to administer the Reclamation and Development Grants Program (RDGP) and the Renewable Resources Grant and Loan Program (RRGLP). Coal severance tax is used to cover division administrative costs and provide grants to conservation districts for natural resource related projects such as streambed stabilization, soil conservation, educational activities, and demonstrations of new technologies. The remaining sources of state special revenue are program specific and support such activities as the Montana Grass Commission and the Treasure State Endowment Program.

Coal Severance Tax Shared Account

The legislature appropriates funds from the coal severance tax shared account for this program, the Department of Agriculture's Growth through Agriculture program, and for general support of the Montana State Library. For a further discussion, see the summary section of the Department of Agriculture.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	976,643	976,643	1,953,286	96.98%	4,892,584	4,892,584	9,785,168	44.17%
Statewide PL Adjustments	25,846	27,898	53,744	2.67%	14,364	16,513	30,877	0.14%
Other PL Adjustments	0	0	0	0.00%	5,522,500	5,522,500	11,045,000	49.85%
New Proposals	3,500	3,500	7,000	0.35%	940,500	353,500	1,294,000	5.84%
Total Budget	\$1,005,989	\$1,008,041	\$2,014,030		\$11,369,948	\$10,785,097	\$22,155,045	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				86,888					87,663	
Vacancy Savings				(73,841)					(73,874)	
Inflation/Deflation				(1,386)					(464)	
Fixed Costs				2,703					3,188	
Total Statewide Present Law Adjustments										
	\$25,846	(\$3,648)	(\$7,834)	\$14,364		\$27,898	(\$3,551)	(\$7,834)	\$16,513	
DP 50 - Initial Motion to FY 2012 Base	0.00	(25,846)	3,648	7,834	(14,364)	0.00	(27,898)	3,551	7,834	(16,513)
DP 51 - Adjustment for Statewide Personal Services	0.00	22,754	(2,453)	(7,254)	13,047	0.00	21,943	(1,310)	(6,844)	13,789
DP 52 - Adjustment for Statewide Operations	0.00	3,092	(1,195)	(580)	1,317	0.00	5,955	(2,241)	(990)	2,724
DP 2301 - CARDD Operating Adjustments (OTO/RST)	0.00	0	171,700	23,300	195,000	0.00	0	171,700	23,300	195,000
DP 2305 - CARDD Regional Water Admin Funds (OTO/RST)	0.00	0	47,500	0	47,500	0.00	0	47,500	0	47,500
DP 2306 - Drinking Water Program Loan Forgiveness (OTO/RST)	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 2307 - CARDD Coal Bed Methane Program Operating Funds	0.00	0	80,000	0	80,000	0.00	0	80,000	0	80,000
DP 2311 - CARDD Loan Appropriation Authority	0.00	0	5,000,000	0	5,000,000	0.00	0	5,000,000	0	5,000,000
Total Other Present Law Adjustments										
	0.00	\$0	\$5,499,200	\$23,300	\$5,522,500	0.00	\$0	\$5,499,200	\$23,300	\$5,522,500
Grand Total All Present Law Adjustments										
	0.00	\$25,846	\$5,495,552	\$15,466	\$5,536,864	0.00	\$27,898	\$5,495,649	\$15,466	\$5,539,013

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2301 - CARDD Operating Adjustments OTO/RST - The legislature approved state and federal special revenue, primarily from the natural resources operations account, for administrative expenses related to the increasing demand for loan and grant programs administered by the division across the state and particularly in Eastern Montana. The major cost drivers are rent increases, legal fees and court costs, and janitorial services contract increases.

DP 2305 - CARDD Regional Water Admin Funds OTO/RST - The legislature approved funding from the TSEP regional water system account for regional water system operating expenses. The primary cost driver is the final engineering documents required in the Dry-Redwater and North Central Montana systems. Water system staff in these two regions are preparing the documents for federal authorization. The Dry Prairie and Musselshell systems also received minor increases in operating costs primarily related to fuel, travel, and supplies.

DP 2306 - Drinking Water Program Loan Forgiveness OTO/RST - The legislature approved one-time-only restricted funding from the drinking water investment account to match federal funds for hardship communities in the Safe Drinking Water program. These funds will be used by the state to provide local assistance to borrowers in the form of

loan forgiveness and are aimed at disadvantaged communities who borrowed from the program yet are unable to meet loan obligations. No state special funds were used in the previous biennium as federal funds awarded to the program provided the loan forgiveness.

DP 2307 - CARDD Coal Bed Methane Program Operating Funds - The legislature approved funding from the coal bed methane account to allow conservation districts with coal bed methane development or impacts associated with such development to use these funds for expenses involved in operating the Coal Bed Methane Protection Program established under 76-15-901, MCA.

DP 2311 - CARDD Loan Appropriation Authority - The legislature approved authority for range land loans and other loans in the private non-point source loan program from the rangeland improvement loans and SRF bonding account.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 2315 - Yellowstone River Cons. District Council (OTO/RST)										
23	0.00	0	75,000	0	75,000	0.00	0	0	0	0
DP 2316 - Sheridan County Cons Dist Groundwater (OTO/RST)										
23	0.00	0	23,000	0	23,000	0.00	0	23,000	0	23,000
DP 2317 - Cons. Dist. Support (OTO/RST)										
23	0.00	0	287,000	0	287,000	0.00	0	287,000	0	287,000
DP 2318 - Upgrade Drilling Equipment MT Salinity (OTO/RST)										
23	0.00	0	112,000	0	112,000	0.00	0	0	0	0
DP 2319 - Provide Technical Assistance MT Salinity (OTO/RST)										
23	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 2320 - MT University System Water Center MSU (OTO/RST)										
23	0.00	0	400,000	0	400,000	0.00	0	0	0	0
DP 2321 - Montana Grass Conservation Commission (OTO)										
23	0.00	3,500	0	0	3,500	0.00	3,500	0	0	3,500
Total	0.00	\$3,500	\$937,000	\$0	\$940,500	0.00	\$3,500	\$350,000	\$0	\$353,500

DP 2315 - Yellowstone River Cons. District Council OTO/RST - The legislature approved funding from the coal tax shared account for FY 2014 for the Yellowstone River Conservation District Council. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2316 - Sheridan County Cons Dist Groundwater OTO/RST - The legislature approved funding from the coal tax shared account for each year of the biennium to support the Sheridan County Conservation District Groundwater Monitoring Program. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2317 - Cons. Dist. Support OTO/RST - The legislature approved funding from the coal taxed shared account for each year of the biennium to support the Natural Streambed Preservation Act, fire rehabilitation activities, office operations, soil health improvement, irrigation waste management, range improvement for livestock and wildlife, watershed management, and other natural resource conservation activities. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2318 - Upgrade Drilling Equipment MT Salinity OTO/RST - The legislature approved funding from the coal tax shared account for FY 2014 to upgrade drilling equipment for the Montana Salinity Control Association. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2319 - Provide Technical Assistance MT Salinity OTO/RST - The legislature approved funding from the coal tax shared account for each year of the biennium to be used by the Montana Salinity Control Association to work with the Conservation Districts to provide technical assistance to Montana's farms and ranches to address saline problems. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2320 - MT University System Water Center MSU OTO/RST - The legislature approved funding from the coal tax shared account for FY 2014 for improved water supply planning tools and outreach for the Montana University System Water Center at Montana State University. This funding is contingent upon passage and approval of HB 556, which was vetoed by the Governor. As of this writing, a HB 556 veto override poll had been sent to legislators.

DP 2321 - Montana Grass Conservation Commission OTO - The legislature approved general fund for both years of the biennium to better manage grassland resources of the Montana Cooperative State Grazing Districts.

Language and Statutory Authority

The legislature included the following language in HB 2.

"If House Bill No. 556 is not passed and approved, Yellowstone River Conservation District Council, Sheridan County Conservation District, Conservation District Support, MT Salinity Drilling Equipment, MT Salinity Technical Assistance, and MSU Montana Water Center funding is void."

"The department is appropriated up to \$600,000 for the 2015 biennium from the natural resources operations account established in 15-38-301 for the purchase of prior liens on property held as loan security as provided in 85-1-615."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	145.05	145.05	142.05	142.05	145.05	142.05	(3.00)	(2.07%)
Personal Services	8,858,376	9,186,234	9,285,562	9,296,870	18,044,610	18,582,432	537,822	2.98%
Operating Expenses	2,394,726	2,748,155	4,756,467	2,764,361	5,142,881	7,520,828	2,377,947	46.24%
Equipment & Intangible Assets	33,020	66,334	33,020	33,020	99,354	66,040	(33,314)	(33.53%)
Capital Outlay	0	3,000	0	0	3,000	0	(3,000)	(100.00%)
Transfers	7,500	0	7,500	7,500	7,500	15,000	7,500	100.00%
Debt Service	363,268	469,743	622,575	612,692	833,011	1,235,267	402,256	48.29%
Total Costs	\$11,656,890	\$12,473,466	\$14,705,124	\$12,714,443	\$24,130,356	\$27,419,567	\$3,289,211	13.63%
General Fund	8,025,094	8,476,974	8,586,944	8,601,223	16,502,068	17,188,167	686,099	4.16%
State Special	3,451,445	3,815,106	5,889,762	3,884,741	7,266,551	9,774,503	2,507,952	34.51%
Federal Special	180,351	181,386	228,418	228,479	361,737	456,897	95,160	26.31%
Total Funds	\$11,656,890	\$12,473,466	\$14,705,124	\$12,714,443	\$24,130,356	\$27,419,567	\$3,289,211	13.63%

Program Description

The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water.

Responsibilities of the division include:

- Manages and maintains the state-owned dams, reservoirs, and canals
- Develops and recommends in-state, interstate, and international water policy to the director, Governor, and Legislature
- Administers the Dam Safety, Floodplain Management, and Water Management programs
- Provides support to the Board of Water Well Contractors
- Assists the Water Court with the adjudication of pre-July 1, 1973, water rights
- Administers applications for new water rights, changes in historic water rights, and ownership updates
- Maintains centralized water rights records

The division consists of an administration unit, a compact implementation unit and five bureaus:

- Water Management Bureau
- Water Rights Bureau
- Water Adjudication Bureau
- State Water Projects Bureau
- Water Operations Bureau

The Compact Implementation unit will provide technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies. In addition, the Flathead Basin Commission is administratively attached to the department.

Program Highlights

Water Resources Division Major Budget Highlights	
◆	The legislatively approved budget increased by 13.6% from the previous biennium primarily due to various adjustments related to state water projects, including a projects adjustment of \$2.6 million from state special revenue

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Water Resources Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$17,188,167	\$0	\$0	\$17,188,167	62.7%		
State Special Total	\$9,774,503	\$0	\$0	\$9,774,503	35.6%		
02145 Broadwater O & M	\$981,191	\$0	\$0	\$981,191	3.6%		
02351 Water Project Lands Lease Acct	\$19,834	\$0	\$0	\$19,834	0.1%		
02404 Water Project Loans	\$616,410	\$0	\$0	\$616,410	2.2%		
02430 Water Right Appropriation	\$871,054	\$0	\$0	\$871,054	3.2%		
02431 Water Adjudication	\$3,850,462	\$0	\$0	\$3,850,462	14.0%		
02470 State Project Hydro Earnings	\$2,657,837	\$0	\$0	\$2,657,837	9.7%		
02576 Natural Resources Operations Ssr Fu	\$415,867	\$0	\$0	\$415,867	1.5%		
02694 Coal Bed Methane Protection	\$200,000	\$0	\$0	\$200,000	0.7%		
02825 Water Well Contractors	\$161,848	\$0	\$0	\$161,848	0.6%		
Federal Special Total	\$456,897	\$0	\$0	\$456,897	1.7%		
03034 Yellowstone Groundwater Nps	\$46,000	\$0	\$0	\$46,000	0.2%		
03094 Fema Federal Grants	\$410,897	\$0	\$0	\$410,897	1.5%		
Total All Funds	\$27,419,567	\$0	\$0	\$27,419,567	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Water Resources Division is predominantly funded with general fund and state special revenue, with a minor amount of federal revenue. Sources and purposes of state special revenue include:

- Water storage account funded by direct allocation of RIT interest and revenue from water purchase contracts for the purpose of construction, operation, maintenance, and rehabilitation of state water storage projects
- Water rights fees derived from fees collected to record rights to support water rights management
- Funds set aside for water adjudication
- Income derived from state owned hydroelectric projects for repair and rehabilitation of state owned water projects
- Fees from water well contractors that support the Board of Water Well Contractors

General fund is utilized for personal services, general operating costs, and specific activities such as preparing for water litigation and map modernization. Federal funds are from Federal Emergency Management Agency (FEMA) grants and the Bureau of Reclamation.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	8,025,094	8,025,094	16,050,188	93.38%	11,656,890	11,656,890	23,313,780	85.03%
Statewide PL Adjustments	483,416	491,101	974,517	5.67%	631,650	640,770	1,272,420	4.64%
Other PL Adjustments	78,434	85,028	163,462	0.95%	2,416,584	416,783	2,833,367	10.33%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$8,586,944	\$8,601,223	\$17,188,167		\$14,705,124	\$12,714,443	\$27,419,567	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				960,358					971,923
Vacancy Savings				(392,143)					(392,609)
Inflation/Deflation				(6,363)					(2,161)
Fixed Costs				69,798					63,617
Total Statewide Present Law Adjustments	\$483,416	\$150,167	(\$1,933)	\$631,650		\$491,101	\$151,541	(\$1,872)	\$640,770
DP 50 - Initial Motion to FY 2012 Base	0.00 (483,416)	(150,167)	1,933	(631,650)	0.00	(491,101)	(151,541)	1,872	(640,770)
DP 51 - Adjustment for Statewide Personal Services	0.00 407,111	163,136	(2,032)	568,215	0.00	413,949	167,365	(2,000)	579,314
DP 52 - Adjustment for Statewide Operations	0.00 76,305	(12,969)	99	63,435	0.00	77,152	(15,824)	128	61,456
DP 2402 - WRD Stream Gaging Stations (OTO/RST)	0.00 28,726	0	0	28,726	0.00	29,700	0	0	29,700
DP 2403 - WRD Operating Adjustment	0.00 49,708	20,872	0	70,580	0.00	55,328	24,151	0	79,479
DP 2404 - WRD State Water Projects Adjustments	0.00 0	2,298,307	0	2,298,307	0.00	0	288,424	0	288,424
DP 2405 - WRD FEMA CAP Spending Authority	0.00 0	0	50,000	50,000	0.00	0	0	50,000	50,000
DP 2406 - WRD Floodplain Mapping (OTO)	0.00 0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 2407 - WRD Board Of Water Well Contractors Adjustment	0.00 0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 2408 - WRD Adjudication FTE Reduction	(3.00) 0	(147,029)	0	(147,029)	(3.00)	0	(146,820)	0	(146,820)
Total Other Present Law Adjustments	(3.00) \$78,434	\$2,288,150	\$50,000	\$2,416,584	(3.00)	\$85,028	\$281,755	\$50,000	\$416,783
Grand Total All Present Law Adjustments	(3.00) \$561,850	\$2,438,317	\$48,067	\$3,048,234	(3.00)	\$576,129	\$433,296	\$48,128	\$1,057,553

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2402 - WRD Stream Gaging Stations OTO/RST - The legislature approved a one-time-only request from general fund for the Water Management Bureau (WMB) operating budget to cover increases in Montana's share of the cost to jointly operate and maintain 43 US Geological Services (USGS) stream gages in Montana. The funding agreement is managed through the WMB and the funding represents 67 percent of the WMB operating budget.

DNRC supported gages serve the following functions: a) 1 related to international apportionment on Poplar River; b) 1 related to FERC licensed hydropower site on Missouri River at Toston; c) 5 related to Yellowstone River Compact; d) 16 related to state owned water projects; and e) 20 related to special projects or to support local water management initiatives.

DP 2403 - WRD Operating Adjustment - The legislature approved state special and general fund at the level appropriated by the 2011 Legislature and to cover projected increases in contracted services and rent expense as well as scheduled computer replacement.

DP 2404 - WRD State Water Projects Adjustments - The legislature approved funding from the Broadwater operations and maintenance, water projects loans, and state project hydro earnings account for overtime at the Broadwater hydropower facility, fisheries mitigation work required by the Federal Energy Regulatory Commission (FERC) licenses, continued rehabilitation on the Ruby Dam and other state water projects, and debt service for repayment of a federal loan for rehabilitation on the Middle Creek Dam.

DP 2405 - WRD FEMA CAP Spending Authority - The legislature approved federal special revenue authority for the Community Assistance Program of the National Flood Insurance Program. The department receives an annual grant from the Federal Emergency Management Agency (FEMA) for the Community Assistance Program. The primary purpose of the award is to reduce the damage claims to the National Flood Insurance program by providing education and technical and administrative support to county and city planning staff involved in administering local floodplain management programs.

DP 2406 - WRD Floodplain Mapping OTO - The legislature approved funding from the coal bed methane account for contracted engineering and mapping services to continue with the process of preparing floodplain maps in the state. After the 2011 flooding, numerous elected officials reported that residents complained that they were unaware they were living in an area subject to flood hazards. The funding is to prioritize the need and provide state funds for contracting engineering and mapping services to prepare floodplain mapping in the state.

DP 2407 - WRD Board Of Water Well Contractors Adjustment - The legislature approved funding from the water well contractors account in the 2015 biennium for contracted legal and other litigation costs for the Board of Water Well Contractors. No litigation related expenses were incurred in the base year.

DP 2408 - WRD Adjudication FTE Reduction - The legislature approved a reduction from the water adjudication account and 3.00 FTE. The reduction is in accordance with the transition plan the division has in place for the sunset of the HB 22 Water Right Adjudication Program in 2020. These FTE are transferred to the Water Court in the Judicial Branch.

Language and Statutory Authority

The legislature included the following language in HB 2.

"During the 2015 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2015 biennium, up to \$100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2015 biennium, up to \$2,200,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

"The department is appropriated up to \$200,000 for the 2015 biennium from the coal bed methane protection account established in 76-15-904 for potential landowner or water right holder claims for emergency loss of water related to coal bed methane development."

"The department is authorized to decrease federal special revenue in the pollution control and/or drinking water revolving fund loan programs and increase state special revenue by a like amount within administration accounts when

the amount of federal EPA CAP grant funds allocated for administration of the grant have been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	297.08	297.08	297.08	297.08	297.08	297.08	0.00	0.00%
Personal Services	16,448,514	17,219,253	16,867,936	16,884,706	33,667,767	33,752,642	84,875	0.25%
Operating Expenses	6,895,862	7,385,892	7,464,872	7,484,160	14,281,754	14,949,032	667,278	4.67%
Equipment & Intangible Assets	878,526	790,466	1,020,512	1,021,176	1,668,992	2,041,688	372,696	22.33%
Capital Outlay	11,128	119,204	11,128	11,128	130,332	22,256	(108,076)	(82.92%)
Grants	189,465	184,491	189,465	189,465	373,956	378,930	4,974	1.33%
Transfers	1,336,352	1,331,665	1,323,797	1,317,694	2,668,017	2,641,491	(26,526)	(0.99%)
Debt Service	18,678	3,675	18,678	18,678	22,353	37,356	15,003	67.12%
Total Costs	\$25,778,525	\$27,034,646	\$26,896,388	\$26,927,007	\$52,813,171	\$53,823,395	\$1,010,224	1.91%
General Fund	9,608,348	10,304,534	10,576,124	10,586,588	19,912,882	21,162,712	1,249,830	6.28%
State Special	14,966,241	15,535,189	15,230,356	15,249,257	30,501,430	30,479,613	(21,817)	(0.07%)
Federal Special	1,203,936	1,194,923	1,089,908	1,091,162	2,398,859	2,181,070	(217,789)	(9.08%)
Other	0	0	0	0	0	0	0	n/a
Total Funds	\$25,778,525	\$27,034,646	\$26,896,388	\$26,927,007	\$52,813,171	\$53,823,395	\$1,010,224	1.91%

Program Description*The Forestry Division*

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners. Specific programs include:

- Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support
- Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana
- Administering Montana Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced
- Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses, and communities
- Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana

Trust Land Management

The Trust Land Management Division is responsible for managing Montana's trust land resources to provide revenues to the trust beneficiaries while considering environmental factors and protecting future income generating capacity of the land. These lands currently total 5.2 million surface acres, 6.2 million mineral acres, and approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The division provides this through four primary programs: 1) forest management; 2) agriculture and grazing management; 3) special use management; and 4) minerals management.

Program Highlights

Forestry and Trust Lands Administration	
Major Budget Highlights	
♦	The legislatively approved budget increased by 1.9% from the previous biennium primarily due to the net of:
▪	Statewide present law adjustments and numerous other present law adjustments
▪	Application in this program of the 2% additional vacancy savings reduction, which can be allocated across all agency programs

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Dept Of Natural Resources & Conservation Funding by Source of Authority 2015 Biennium Budget - Forestry/Trust Lands							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$21,162,712	\$0	\$0	\$21,162,712	35.3%		
State Special Total	\$30,479,613	\$0	\$0	\$30,479,613	50.9%		
02031 Land Banking - Pvt Closing Costs	\$431,772	\$0	\$0	\$431,772	0.7%		
02039 Forestry-fire Protection Taxes	\$5,960,641	\$0	\$0	\$5,960,641	9.9%		
02073 Forestry - Slash Disposal	\$131,217	\$0	\$0	\$131,217	0.2%		
02449 Forest Resources-forest Improv	\$2,245,761	\$0	\$0	\$2,245,761	3.7%		
02576 Natural Resources Operations Ssr Fu	\$187,314	\$0	\$0	\$187,314	0.3%		
02623 Contract Timber Harvesting	\$802,056	\$0	\$0	\$802,056	1.3%		
02681 Historic Right-of-way Acct	\$24,778	\$0	\$0	\$24,778	0.0%		
02912 Tlmd Land Exchange Admin	\$100,000	\$0	\$0	\$100,000	0.2%		
02938 Tlmd - Administration	\$20,596,074	\$0	\$0	\$20,596,074	34.4%		
Federal Special Total	\$2,181,070	\$0	\$0	\$2,181,070	3.6%		
03471 Consolidated Grant Fy14	\$853,362	\$0	\$0	\$853,362	1.4%		
03472 Non-consolidated Grant Fy14	\$300,000	\$0	\$0	\$300,000	0.5%		
03483 Consolidated Grant Fy15	\$854,668	\$0	\$0	\$854,668	1.4%		
03484 Non-consolidated Grant Fy15	\$173,040	\$0	\$0	\$173,040	0.3%		
Proprietary Total	\$0	\$6,108,957	\$0	\$6,108,957	10.2%		
06003 State Nursery Enterprise Fund	\$0	\$1,294,640	\$0	\$1,294,640	2.2%		
06538 Air Operations Internal Svc.	\$0	\$4,814,317	\$0	\$4,814,317	8.0%		
Total All Funds	\$53,823,395	\$6,108,957	\$0	\$59,932,352	100.0%		
Percent - Total All Sources	89.8%	10.2%	0.0%				

General fund provides general division support as well as the fixed costs of the Fire and Aviation Management program. A transfer from the general fund is made to the proprietary fund, from which it is spent.

State special revenue support comes from forest improvement fees and forest protection fees. Forest improvement fees consist of \$25 for each slash hazard reduction agreement and \$.060 per thousand board feet sold, plus any forfeited fire hazard reduction bonds. Fees are established when timber sales are approved based upon the state's projected costs of slash disposal, road maintenance, and reforestation.

The department is also required to collect up to one-third of the state's fire protection appropriation from private landowners through a forest protection fee. The other two-thirds are funded with general fund. The department is required to levy the tax so that collections equal the amount appropriated by the legislature.

The Trust Land Management Division is funded with trust fund revenue, timber sales, and forest resource fees. The remaining funding is from recreational use and resource development of state lands. Because funding for state lands is taken directly from revenues, any expenditure for administration of state lands is a direct reduction in trust income. General fund is utilized for personal services for the management of non-trust state lands.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	9,608,348	9,608,348	19,216,696	90.80%	25,778,525	25,778,525	51,557,050	95.79%
Statewide PL Adjustments	992,249	1,006,584	1,998,833	9.45%	1,141,549	1,177,812	2,319,361	4.31%
Other PL Adjustments	271,645	268,019	539,664	2.55%	681,357	676,296	1,357,653	2.52%
New Proposals	(296,118)	(296,363)	(592,481)	(2.80%)	(705,043)	(705,626)	(1,410,669)	(2.62%)
Total Budget	\$10,576,124	\$10,586,588	\$21,162,712		\$26,896,388	\$26,927,007	\$53,823,395	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				1,846,260					1,864,324	
Vacancy Savings				(731,795)					(732,506)	
Inflation/Deflation				(40,958)					(23,084)	
Fixed Costs				68,042					69,078	
Total Statewide Present Law Adjustments										
	\$992,249	\$251,355	(\$102,055)	\$1,141,549		\$1,006,584	\$271,803	(\$100,575)	\$1,177,812	
DP 50 - Initial Motion to FY 2012 Base	0.00	(992,249)	(327,059)	102,055	(1,217,253)	0.00	(1,006,584)	(347,507)	100,575	(1,253,516)
DP 51 - Adjustment for Statewide Personal Services	0.00	944,665	361,718	(116,214)	1,190,169	0.00	944,090	373,557	(110,125)	1,207,522
DP 52 - Adjustment for Statewide Operations	0.00	47,584	(34,659)	14,159	27,084	0.00	62,494	(26,050)	9,550	45,994
DP 35011 - FD & TLMD Operating & Capital Adjustments	0.00	113,704	65,772	0	179,476	0.00	114,167	66,525	0	180,692
DP 35012 - FD Federal And State Special Authority	0.00	0	50,000	51,481	101,481	0.00	0	50,000	51,307	101,307
DP 35014 - Air Operations Transfer	0.00	(8,412)	(4,143)	0	(12,555)	0.00	(12,501)	(6,157)	0	(18,658)
DP 35016 - FD Narrow Band Radios (OTO/REST)	0.00	86,353	42,533	0	128,886	0.00	86,353	42,533	0	128,886
DP 35021 - TLMD MSU-Morrill Trust Projects (BIEN/OTO)	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
DP 35023 - TLMD Land Transaction Funds OTO	0.00	0	204,069	0	204,069	0.00	0	204,069	0	204,069
Total Other Present Law Adjustments										
	0.00	\$271,645	\$358,231	\$51,481	\$681,357	0.00	\$268,019	\$356,970	\$51,307	\$676,296
Grand Total All Present Law Adjustments										
	0.00	\$1,263,894	\$609,586	(\$50,574)	\$1,822,906	0.00	\$1,274,603	\$628,773	(\$49,268)	\$1,854,108

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 35011 - FD & TLMD Operating & Capital Adjustments - The legislature approved general fund and state special revenue for rent increases and fire engine purchase and development.

DP 35012 - FD Federal And State Special Authority - The legislature approved funding to increase spending authority in the slash hazard reduction state special revenue account by \$50,000 as the fees collected exceed existing authority. The adjustment also includes authority to spend federal reimbursements for use of firefighting equipment on other state or federal fires, as the number of those fires has increased.

DP 35014 - Air Operations Transfer - The legislature approved a reduction of funding from the general fund and fire protection taxes account due to a decrease in the aircraft insurance premium.

DP 35016 - FD Narrow Band Radios OTO/REST - The legislature approved general fund and fire protection taxes funding to purchase narrow-band, digital capable radios and associated maintenance.

DP 35021 - TLMD MSU-Morrill Trust Projects BIEN/OTO - The legislature approved one-time-only, biennial funding from the general fund to implement and complete land management projects on the MSU-Morrill trust lands. Projects for the biennium include five timber harvest projects, timber thinning and weed management, agriculture and grazing lease renewals, commercial lease evaluations, a new phase of the Whitefish Trail, land banking and land exchange, and continuing work on the Smith Lake Dam rehabilitation project. The authority would cover contracted services, supplies and materials, and other operating costs to manage activities on the Morrill Trust Lands.

DP 35023 - TLMD Land Transaction Funds OTO - The legislature approved state special revenue, primarily from the land banking private closing costs account, to add authority to the FY 2012 appropriated level in the Trust Land Management Division.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
35	0.00	(296,118)	(345,471)	(63,454)	(705,043)	0.00	(296,363)	(345,757)	(63,506)	(705,626)
Total	0.00	(\$296,118)	(\$345,471)	(\$63,454)	(\$705,043)	0.00	(\$296,363)	(\$345,757)	(\$63,506)	(\$705,626)

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

Language and Statutory Authority

The legislature included the following language in HB 2.

“Forestry and Trust Lands includes a reduction in general fund of \$296,118 in fiscal year 2014 and \$296,363 in fiscal

year 2015, state special revenue of \$345,471 in fiscal year 2014 and \$345,757 in fiscal year 2015, and federal special revenue of \$63,454 in fiscal year 2014 and \$63,506 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Air Operations

Proprietary Program Description

The air operations program in the Forestry Division is funded from the air operations proprietary account for those costs that can be supported by the aircraft rates, and by general fund and fire protection tax revenue for fixed costs. The program operates five medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. The aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and the fire protection tax revenues since they must be paid regardless of the number of hours flown. These costs include hangar rent, insurance, and personnel costs (14.23 FTE). The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DNRC, other state agencies, and federal agencies. This revenue is deposited in the proprietary account. Statutory authority for the program is in 77-5-103, MCA.

<u>DEPT AIRCRAFT</u>	<u>CURRENT</u>	<u>2015 BIEN APPROVED</u>
Bell UH-1H Helicopters	\$1,075.00/hr	\$1,225.00/hr
Jet Ranger Helicopter	\$475.00/hr	\$515.00/hr
Cessna 180 Series Aircraft	\$150.00/hr	\$175.00/hr

Seedling Nursery

Proprietary Program Description

The Montana Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The program mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 13,500 square feet of greenhouse space. Sixty-seven plant species are currently in production. During FY 2011 and 2012, an average of 750 landowners/businesses ordered seedlings. Of the 1.7 million seedlings grown during that time period, approximately 1.6 million seedlings were used in reforestation and stream restoration. DNRC nursery seedlings were planted in 50 of the 56 Montana counties. The nursery program is funded solely from the nursery proprietary account. No general fund or federal dollars are used in the program. Total FTE funded from the revenue generated are 10.92. Statutory authority for the program is in 77-5-404, MCA.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	119.40	119.40	119.53	119.53	119.40	119.53	0.13	0.11%
Estimated Impact of HB 2*			(4.89)	(4.89)		(4.89)	(4.89)	
Net Estimated FTE*			114.64	114.64		114.64	(4.76)	
Equipment & Intangible Assets	475,714	376,124	566,389	566,389	851,838	1,132,778	280,940	32.98%
Grants	3,705,742	4,700,033	5,080,402	5,126,726	8,405,775	10,207,128	1,801,353	21.43%
Transfers	276,644	340,639	293,074	293,074	617,283	586,148	(31,135)	(5.04%)
Total Costs	\$13,712,945	\$15,477,245	\$17,240,724	\$17,296,912	\$29,190,190	\$34,537,636	\$5,347,446	18.32%
General Fund	921,046	923,538	969,358	927,068	1,844,584	1,896,426	51,842	2.81%
State Special	10,475,040	11,647,754	13,620,585	13,716,995	22,122,794	27,337,580	5,214,786	23.57%
Federal Special	1,854,084	2,329,665	2,076,508	2,078,203	4,183,749	4,154,711	(29,038)	(0.69%)
Other	462,775	576,288	574,273	574,646	1,039,063	1,148,919	109,856	10.57%
Total Funds	\$13,712,945	\$15,477,245	\$17,240,724	\$17,296,912	\$29,190,190	\$34,537,636	\$5,347,446	18.32%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Agency Mission: The mission of the Montana Department of Agriculture is to protect producers and consumers, and to enhance and develop agriculture and allied industries.

The Department of Agriculture, required by Article XII, Section 1, of the Montana Constitution, was established to encourage and promote the interests of agricultural and allied industries in Montana. To this end, the department:

- Strengthens and diversifies the Montana agriculture industry through private-public partnerships
- Collects and publishes agricultural production and marketing statistics relating to agricultural products
- Assists, encourages, and promotes the organization of farmers institutes, agricultural societies, fairs, and other exhibitions of agriculture
- Adopts standards for grade and other classifications of farm products
- Coordinates the planning and maintenance of economical and efficient marketing distribution systems
- Gathers and distributes marketing information concerning supply, demand, price, and movement of farm products
- Regulates production and marketing of food and fiber products
- Registers pesticides and fertilizers and enforces laws pertaining to them

Agency Highlights

Department of Agriculture Major Budget Highlights	
♦	The legislative approved budget increases by \$5.4 million from the previous biennium due primarily to statewide present law adjustments and new proposals, including: <ul style="list-style-type: none"> ▪ An additional \$3.3 million from the wheat and barley marketing account for one-time-only appropriations for Wheat and Barley Committee • \$210,000 from state special revenue for the food and ag centers • Continued funding for salary increases given by the department in FY 2012 at an approximate annualized cost of \$263,000
♦	These increases were partially offset by the application of an additional 2% vacancy savings

Summary of Legislative Action

The legislature approved a biennial budget of \$34.5 million. The budget includes \$1.5 million in statewide present law adjustments, \$2.0 million in additional present law adjustments, and \$3.5 million in new proposals. The HB 2 budget is funded with 5.5% general fund.

Major budget items include:

- \$2.1 million in operating adjustments
- \$3.3 million in additional authority for the Wheat and Barley Committee
- \$200,000 for the analytical lab
- \$210,000 for the food and agricultural development centers

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 4.89 statewide and by 4% for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$1,896,426	\$0	\$2,630,000	\$4,526,426	8.4%
State Special Total	27,337,580	-	1,456,301	28,793,881	53.6%
Federal Special Total	4,154,711	-	-	4,154,711	7.7%
Proprietary Total	1,148,919	116,400	14,966,414	16,231,733	30.2%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$34,537,636</u>	<u>\$116,400</u>	<u>\$19,052,715</u>	<u>\$53,706,751</u>	
Percent - Total All Sources	64.3%	0.2%	35.5%		

The Department of Agriculture is funded from general fund, state special revenue, federal special revenue, and proprietary funds.

- State special revenue is the predominant funding source, comprising 77% of the total funding in HB 2. Major funds include:
 - Wheat and Barley Research and Marketing Account (21%)
 - Noxious Weed Admin Account (13%)
 - Pesticide Account (10%)
 - Coal tax shared account

General fund comprises about 5.5% of the department's HB 2 budget and is primarily used for program activities such as grants, mad cow disease, agriculture literacy, marketing, and statistics.

Coal Tax Shared Account

The coal tax shared revenue fund is statutorily designated for libraries, conservation districts, and the Growth Through Agriculture program. The figures below summarize the condition of the fund. MCA 15-35-108 (3) provides that the ending fund balance of the coal tax shared account is to be transferred to the general fund. The fund shows a negative balance for FY 2013 and 2014. The legislature did not make adjustments to this fund due to passage of HB 556, a bill that would have eliminated the transfer for FY 2013, 2014, and 2015 and funding an additional \$1.3 million in projects, primarily for conservation districts. HB 556 was vetoed by the Governor and the \$1.3 million in projects became void and the majority of the approved funding remains in the base.

Coal Tax Shared State Special Revenue				
	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Balance	\$1,772,339	\$0	\$0	\$0
<u>Expenditures</u>				
Montana State Library	509,801	509,800	562,801	562,801
Natural Resources & Conservation	2,205,313	2,204,821	3,147,033	2,559,800
Agriculture	<u>385,856</u>	<u>374,901</u>	<u>434,565</u>	<u>435,014</u>
Total Expenditures	\$3,100,970	\$3,089,522	\$4,144,399	\$3,557,615
Revenues	<u>\$2,879,777</u>	<u>\$2,997,000</u>	<u>\$3,165,000</u>	<u>\$3,293,000</u>
Ending Fund Balance*	<u>\$1,551,146</u>	<u>(\$92,522)</u>	<u>(\$979,399)</u>	<u>(\$264,615)</u>
*The ending fund balance transfers to the general fund at the end of each fiscal year.				

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	921,046	921,046	1,842,092	97.13%	13,712,945	13,712,945	27,425,890	79.41%
Statewide PL Adjustments	42,494	225	42,719	2.25%	788,493	752,149	1,540,642	4.46%
Other PL Adjustments	13,184	13,195	26,379	1.39%	1,015,309	1,015,319	2,030,628	5.88%
New Proposals	(7,366)	(7,398)	(14,764)	(0.78%)	1,723,977	1,816,499	3,540,476	10.25%
Total Budget	\$969,358	\$927,068	\$1,896,426		\$17,240,724	\$17,296,912	\$34,537,636	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches as well as the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 189-This bill increases the maximum amount of hail insurance per acre of crops and would be phased in by the Department of Agriculture over two years. The hail insurance fund would experience increased revenues from premiums paid by policy holders and increased payments of benefits for damaged crops. HB 189 also reduces the collection fee percentage paid to the Department of Revenue and caps the transfer to the general fund.

HB 454– This bill provides funding for PERS defined benefit plan and revises the guaranteed annual benefit adjustment (GABA). Under current law, beginning July 1, 2013, the Growth through Agriculture program would receive a statutory appropriation of \$1.25 million from the interest earnings of the coal tax permanent fund. HB 454 maintains the statutory appropriation for this purpose at the 2013 biennium level of \$625,000 per year.

SB 144- This bill changes the amount the Department of Agriculture may spend to manage the noxious weed management program by assigning the percentage limit to all department non-grant expenditures rather than just administrative costs of the Department of Agriculture, and by using grant expenditures instead of total expenditures to calculate the limit. This will reduce the amount spent on department-based programs and increase the amount distributed as grants, resulting in a net zero fiscal impact, but will also reduce FTE by 1.35 in FY 2014 and 2.35 in FY 2015.

SB162- This bill transfers the administrative responsibilities of collecting hail insurance fees currently administered by the Department of Revenue to the Department of Agriculture. There are costs to the department in assisting with this transition in FY 2014. In addition, the department will no longer be entitled to withhold 2% of the fees collected for administering the collection of the hail insurance beginning January 1, 2014. As amended, the bill caps the amount transferred from the Board of Hail Insurance enterprise fund to the state general fund at \$100,000 per year, and results in a net zero impact.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	119.40	124.28	119.53	(4.75)	124.28	119.53	(4.75)	
Estimated Impact of HB 2*			(4.89)	(4.89)		(4.89)	(4.89)	
Net Estimated FTE*			114.64	(9.64)		114.64	(9.64)	
Personal Services	6,231,460	7,050,624	6,791,932	(258,692)	7,056,429	6,797,819	(258,610)	(517,302)
Operating Expenses	3,023,385	3,635,450	4,508,927	873,477	3,593,301	4,512,904	919,603	1,793,080
Equipment & Intangible Assets	475,714	566,389	566,389	0	566,389	566,389	0	0
Grants	3,705,742	4,288,457	5,080,402	791,945	4,288,457	5,126,726	838,269	1,630,214
Transfers	276,644	293,074	293,074	0	293,074	293,074	0	0
Total Costs	\$13,712,945	\$15,833,994	\$17,240,724	\$1,406,730	\$15,797,650	\$17,296,912	\$1,499,262	\$2,905,992
General Fund	921,046	1,114,782	969,358	(145,424)	1,072,513	927,068	(145,445)	(290,869)
State/Other Special	10,475,040	12,012,131	13,620,585	1,608,454	12,016,003	13,716,995	1,700,992	3,309,446
Federal Special	1,854,084	2,122,757	2,076,508	(46,249)	2,124,236	2,078,203	(46,033)	(92,282)
Proprietary	462,775	584,324	574,273	(10,051)	584,898	574,646	(10,252)	(20,303)
Total Funds	\$13,712,945	\$15,833,994	\$17,240,724	\$1,406,730	\$15,797,650	\$17,296,912	\$1,499,262	\$2,905,992

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislatively approved budget increases state special revenue funding by \$1.4 million for FY 2014 and \$1.5 million for FY 2015 over the level proposed by the executive. The adjustment included a one-time-only adjustment of \$105,000 each year of the biennium from the research and commercialization account for the food and agricultural development centers, \$3.3 million for the biennium for additional appropriation authority for the Wheat and Barley Committee from the wheat and barley account, and a reduction of \$280,000 for the biennium, all from general fund, for eurasian watermilfoil.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	14.87	14.87	15.00	15.00	14.87	15.00	0.13	0.87%
Personal Services	989,461	987,963	943,446	945,655	1,977,424	1,889,101	(88,323)	(4.47%)
Operating Expenses	164,932	166,632	184,726	140,096	331,564	324,822	(6,742)	(2.03%)
Total Costs	\$1,154,393	\$1,154,595	\$1,128,172	\$1,085,751	\$2,308,988	\$2,213,923	(\$95,065)	(4.12%)
General Fund	126,572	120,913	140,820	97,483	247,485	238,303	(9,182)	(3.71%)
State Special	794,993	795,020	753,317	753,207	1,590,013	1,506,524	(83,489)	(5.25%)
Federal Special	109,835	110,134	105,866	106,082	219,969	211,948	(8,021)	(3.65%)
Other	122,993	128,528	128,169	128,979	251,521	257,148	5,627	2.24%
Total Funds	\$1,154,393	\$1,154,595	\$1,128,172	\$1,085,751	\$2,308,988	\$2,213,923	(\$95,065)	(4.12%)

Program Description

The Central Services Division provides support services for the department, including financial, human resource, information technology, public information, legal, and administrative support activities. Included in this division is the director's office, which provides overall policy development for the department as well as coordination with the agricultural industry and other branches of government.

Program Highlights

Centralized Services Division Major Budget Highlights	
♦	The legislatively approved budget decreased 4.12% from the previous biennium primarily due to the following adjustments: <ul style="list-style-type: none"> ▪ Additional vacancy savings of \$288,255 for the biennium • Statewide present law adjustments of \$189,622

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget - Centralized Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$238,303	\$0	\$0	\$238,303	10.7%		
State Special Total	\$1,506,524	\$0	\$19,225	\$1,525,749	68.3%	80-11-518 Direct	
02040 Wheat & Barley Research & Mktg	\$223,746	\$0	\$0	\$223,746	10.0%		
02068 Noxious Weed Admin Account	\$168,208	\$0	\$0	\$168,208	7.5%		
02071 Anhydrous Ammonia Account	\$4,190	\$0	\$0	\$4,190	0.2%		
02093 Alfalfa Leaf Cutting Bee	\$1,228	\$0	\$0	\$1,228	0.1%		
02178 Cherry Check-off	\$0	\$0	\$486	\$486	0.0%		
02192 Pesticide Groundwater Account	\$243,517	\$0	\$0	\$243,517	10.9%		
02193 Pesticide Account	\$328,786	\$0	\$0	\$328,786	14.7%		
02198 Fert. Groundwater Account	\$7,184	\$0	\$0	\$7,184	0.3%		
02205 Pulse Crop Research & Mktg	\$0	\$0	\$16,055	\$16,055	0.7%	80-11-518 Direct	
02264 Organic Certification	\$56,630	\$0	\$0	\$56,630	2.5%		
02265 Fsi Produce	\$65,202	\$0	\$0	\$65,202	2.9%		
02266 Commodity Dealer/warehouse	\$21,182	\$0	\$0	\$21,182	0.9%		
02267 Nursery Account	\$52,088	\$0	\$0	\$52,088	2.3%		
02268 Produce Account	\$125,998	\$0	\$0	\$125,998	5.6%		
02269 Seed Account	\$23,486	\$0	\$0	\$23,486	1.1%		
02340 Coal Sev. Tax Shared Ssr	(\$160,907)	\$0	\$0	(\$160,907)	-7.2%		
02341 Weed Seed Free Forage Account	\$6,188	\$0	\$0	\$6,188	0.3%		
02452 Commercial Fertilizer	\$54,626	\$0	\$0	\$54,626	2.4%		
02453 Grain Services	\$161,778	\$0	\$0	\$161,778	7.2%		
02454 Commercial Feed	\$106,078	\$0	\$0	\$106,078	4.8%		
02792 Apiary Account	\$17,316	\$0	\$0	\$17,316	0.8%		
02793 Potato Research & Marketing	\$0	\$0	\$2,684	\$2,684	0.1%		
Federal Special Total	\$211,948	\$0	\$0	\$211,948	9.5%		
03120 Agriculture Cmd Federal	\$211,948	\$0	\$0	\$211,948	9.5%		
Proprietary Total	\$257,148	\$0	\$0	\$257,148	11.5%		
06052 Hail Insurance	\$257,148	\$0	\$0	\$257,148	11.5%		
Total All Funds	\$2,213,923	\$0	\$19,225	\$2,233,148	100.0%		
Percent - Total All Sources	99.1%	0.0%	0.9%				

The Central Services Division (CSD) is funded based on the expenditures of the two divisions of the agency and their funding sources. A portion of the funding is an indirect cost reimbursement from federal grants administered by the agency. The division also uses an administrative assessment charged to the general fund, state special, and proprietary revenue accounts used by the divisions that are supported by CSD activities. General fund is used to account for any difference between the assessed amount and the budgeted expenditures for the CSD and for the costs associated with the legislative audit.

The division is funded primarily with state special revenue, with general fund accounting for approximately 10.7% of the 2015 biennium budget. Major state special revenue, federal, and proprietary funds are:

- Wheat and Barley Research and Marketing Account
- Pesticide Groundwater Account
- Pesticide Account
- Agricultural CMD Fund (federal)
- Hail Insurance Fund (proprietary)

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	126,572	126,572	253,144	106.23%	1,154,393	1,154,393	2,308,786	104.28%
Statewide PL Adjustments	19,754	(23,562)	(3,808)	(1.60%)	115,983	73,679	189,662	8.57%
Other PL Adjustments	1,860	1,871	3,731	1.57%	1,860	1,870	3,730	0.17%
New Proposals	(7,366)	(7,398)	(14,764)	(6.20%)	(144,064)	(144,191)	(288,255)	(13.02%)
Total Budget	\$140,820	\$97,483	\$238,303		\$1,128,172	\$1,085,751	\$2,213,923	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					133,900					136,348
Vacancy Savings					(44,935)					(45,032)
Inflation/Deflation					(21)					12
Fixed Costs					27,039					(17,649)
Total Statewide Present Law Adjustments										
		\$19,754	\$38,722	\$42,280	\$115,983*		(\$23,562)	\$38,723	\$42,280	\$73,679*
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(19,754)	(38,722)	(42,280)	(115,983)*	0.00	23,562	(38,723)	(42,280)	(73,679)*
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	35,799	39,088	88,965*	0.00	0	36,364	39,703	91,316*
DP 52 - Adjustment for Statewide Operations										
	0.00	21,614	2,923	3,192	28,878*	0.00	(21,691)	2,359	2,576	(15,767)*
Total Other Present Law Adjustments										
	0.00	\$1,860	\$0	\$0	\$1,860*	0.00	\$1,871	\$0	(\$1)	\$1,870*
Grand Total All Present Law Adjustments										
	0.00	\$21,614	\$38,722	\$42,280	\$117,843*	0.00	(\$21,691)	\$38,723	\$42,279	\$75,549*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals		-----Fiscal 2014-----				-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
15	0.00	(7,366)	(80,398)	(46,249)	(144,064)*	0.00	(7,398)	(80,509)	(46,032)	(144,191)*
DP 1503 - Central Services Division FTE										
15	0.13	0	0	0	0	0.13	0	0	0	0
Total	0.13	(\$7,366)	(\$80,398)	(\$46,249)	(\$144,064)*	0.13	(\$7,398)	(\$80,509)	(\$46,032)	(\$144,191)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1503 - Central Services Division FTE - The legislature approved adding 0.13 FTE. In the 2011 legislative session, the department erroneously funded a portion (0.13 FTE) of an existing permanent, full time position with statutory authority, causing the position to be split into two position numbers. Operational expenses will be transferred to statutory authority, resulting in a net zero change to the HB 2 budget. DP 1504 is a statutory appropriation adjustment, which deletes the 0.13 FTE to balance DP 1503.

Language and Statutory Authority

The legislature included the following language in HB 2:

“Central Management Division includes a reduction in general fund of \$7,366 in fiscal year 2014 and \$7,398 in fiscal year 2015, state special revenue of \$80,398 in fiscal year 2014 and \$80,509 in fiscal year 2015, federal special revenue of \$46,249 in fiscal year 2014 and \$46,032 in fiscal year 2015, and proprietary funds of \$10,051 in fiscal year 2014 and \$10,252 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	65.78	65.78	65.78	65.78	65.78	65.78	0.00	0.00%
Personal Services	3,703,936	3,816,092	3,992,202	3,993,528	7,520,028	7,985,730	465,702	6.19%
Operating Expenses	1,426,418	1,831,475	1,890,998	1,892,754	3,257,893	3,783,752	525,859	16.14%
Equipment & Intangible Assets	450,837	361,124	541,512	541,512	811,961	1,083,024	271,063	33.38%
Grants	2,060,581	3,130,006	2,559,047	2,559,047	5,190,587	5,118,094	(72,493)	(1.40%)
Transfers	59,412	75,842	75,842	75,842	135,254	151,684	16,430	12.15%
Total Costs	\$7,701,184	\$9,214,539	\$9,059,601	\$9,062,683	\$16,915,723	\$18,122,284	\$1,206,561	7.13%
General Fund	287,508	296,125	296,527	296,527	583,633	593,054	9,421	1.61%
State Special	5,690,888	6,723,883	6,817,432	6,819,035	12,414,771	13,636,467	1,221,696	9.84%
Federal Special	1,722,788	2,194,531	1,945,642	1,947,121	3,917,319	3,892,763	(24,556)	(0.63%)
Total Funds	\$7,701,184	\$9,214,539	\$9,059,601	\$9,062,683	\$16,915,723	\$18,122,284	\$1,206,561	7.13%

Program Description

The Agricultural Sciences Division (ASD) administers and coordinates major activities related to:

- Pesticide management
- Pest management
- Analytical laboratory services
- Noxious weed management
- Agricultural chemical groundwater monitoring
- Seed, feed and fertilizer labeling
- Organic certification
- Nursery and plant health certification
- Apiary programs
- Commodity and produce programs

ASD also administers agricultural programs related to the regulation, certification, and shipping of commodities exported from or distributed in the state. The division provides support to the Montana Noxious Weed Management Advisory Council, Noxious Weed Seed Free Forage Advisory Council, Montana Noxious Weed Summit Advisory Council, Montana Organic Commodity Advisory Council, and the Montana Mint Committee.

Program Highlights

Agricultural Sciences Division Major Budget Highlights	
<ul style="list-style-type: none"> • The legislatively approved budget increases 7.13% above the previous biennium due to the following: <ul style="list-style-type: none"> ▪ Statewide present law adjustments and various new proposals ▪ Operating adjustment of \$1.9 million for the biennium to bring authority back to FY 2012 authorized level ▪ \$200,000 for the biennium for the analytical lab 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget - Agricultural Sciences Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$593,054	\$0	\$0	\$593,054	3.3%		
State Special Total	\$13,636,467	\$0	\$115,800	\$13,752,267	75.4%		
02037 Mint Committee	\$30,000	\$0	\$0	\$30,000	0.2%		
02068 Noxious Weed Admin Account	\$4,000,142	\$0	\$0	\$4,000,142	21.9%		
02071 Anhydrous Ammonia Account	\$39,302	\$0	\$0	\$39,302	0.2%		
02072 Manuals & Training Account	\$70,462	\$0	\$0	\$70,462	0.4%		
02093 Alfalfa Leaf Cutting Bee	\$7,562	\$0	\$0	\$7,562	0.0%		
02192 Pesticide Groundwater Account	\$1,711,352	\$0	\$0	\$1,711,352	9.4%		
02193 Pesticide Account	\$2,630,320	\$0	\$0	\$2,630,320	14.4%		
02198 Fert. Groundwater Account	\$50,168	\$0	\$0	\$50,168	0.3%		
02264 Organic Certification	\$460,263	\$0	\$0	\$460,263	2.5%		
02265 Fsi Produce	\$536,413	\$0	\$0	\$536,413	2.9%		
02266 Commodity Dealer/warehouse	\$161,308	\$0	\$108,000	\$269,308	1.5%	80-4-416	Pass Thru
02267 Nursery Account	\$355,365	\$0	\$0	\$355,365	1.9%		
02268 Produce Account	\$1,243,691	\$0	\$0	\$1,243,691	6.8%		
02269 Seed Account	\$170,412	\$0	\$7,800	\$178,212	1.0%	80-5-510	Pass Thru
02341 Weed Seed Free Forage Account	\$114,837	\$0	\$0	\$114,837	0.6%		
02452 Commercial Fertilizer	\$464,350	\$0	\$0	\$464,350	2.5%		
02454 Commercial Feed	\$1,379,824	\$0	\$0	\$1,379,824	7.6%		
02792 Apiary Account	\$210,696	\$0	\$0	\$210,696	1.2%		
Federal Special Total	\$3,892,763	\$0	\$0	\$3,892,763	21.3%		
03118 Agriculture Asd Federal	\$3,892,763	\$0	\$0	\$3,892,763	21.3%		
Total All Funds	\$18,122,284	\$0	\$115,800	\$18,238,084	100.0%		
Percent - Total All Sources	99.4%	0.0%	0.6%				

The Agricultural Sciences Division is funded with general fund, state special revenue, and federal special revenue. General fund supports less than 5% of the division's budget, and funds portions of the state grain lab.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	287,508	287,508	575,016	96.96%	7,701,184	7,701,184	15,402,368	84.99%
Statewide PL Adjustments	(2,305)	(2,305)	(4,610)	(0.78%)	331,581	334,663	666,244	3.68%
Other PL Adjustments	11,324	11,324	22,648	3.82%	926,836	926,836	1,853,672	10.23%
New Proposals	0	0	0	0.00%	100,000	100,000	200,000	1.10%
Total Budget	\$296,527	\$296,527	\$593,054		\$9,059,601	\$9,062,683	\$18,122,284	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014						Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					453,944					455,323
Vacancy Savings					(166,178)					(166,231)
Inflation/Deflation					(4,688)					(2,160)
Fixed Costs					48,503					47,731
Total Statewide Present Law Adjustments		(\$2,305)	\$433,632	(\$99,746)	\$331,581		(\$2,305)	\$435,235	(\$98,267)	\$334,663
DP 50 - Initial Motion to FY 2012 Base										
0.00	2,305	(433,631)	99,745	(331,581)	0.00	2,305	(435,238)	98,270	(334,663)	
DP 51 - Adjustment for Statewide Personal Services										
0.00	(2,092)	411,489	(121,631)	287,766	0.00	(2,089)	412,209	(121,028)	289,092	
DP 52 - Adjustment for Statewide Operations										
0.00	(213)	22,142	21,886	43,815	0.00	(216)	23,029	22,758	45,571	
DP 3001 - Program 30 Operating Adjustment										
0.00	11,324	592,912	322,600	926,836	0.00	11,324	592,912	322,600	926,836	
Total Other Present Law Adjustments		0.00	\$11,324	\$592,912	\$322,600	0.00	\$11,324	\$592,912	\$322,600	\$926,836
Grand Total All Present Law Adjustments		0.00	\$9,019	\$1,026,544	\$222,854	0.00	\$9,019	\$1,028,147	\$224,333	\$1,261,499

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 3001 - Program 30 Operating Adjustment - The legislature approved funding to restore operations authority to base levels, including general fund, multiple state special, and federal funding. Actual expenditures in FY 2012 were lower than the level authorized by the 62nd Legislature due to the variable nature of agricultural activity. This authority will be used for office supplies, field supplies, lab supplies, training, travel, equipment, and grants.

New Proposals

New Proposals										
Fiscal 2014						Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3002 - Analytical Laboratory										
30	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
Total	0.00	\$0	\$100,000	\$0	\$100,000	0.00	\$0	\$100,000	\$0	\$100,000

DP 3002 - Analytical Laboratory - The legislature approved funding from the commercial feed and pesticide accounts each year of the 2015 biennium to account for fee-for-service funds that were previously received, held, and expended by the Montana agricultural experiment station at Montana State University on behalf of this jointly operated laboratory. The additional authority will enable the analytical laboratory to continue to use the funds for equipment and general operational activity such as supplies, maintenance, and student interns.

Language and Statutory Authority

The legislature included the following language in HB 2:

“Central Management Division includes a reduction in general fund of \$7,366 in fiscal year 2014 and \$7,398 in fiscal year 2015, state special revenue of \$80,398 in fiscal year 2014 and \$80,509 in fiscal year 2015, federal special revenue of \$46,249 in fiscal year 2014 and \$46,032 in fiscal year 2015, and proprietary funds of \$10,051 in fiscal year 2014 and \$10,252 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	38.75	38.75	38.75	38.75	38.75	38.75	0.00	0.00%
Personal Services	1,538,063	1,785,633	1,856,284	1,858,636	3,323,696	3,714,920	391,224	11.77%
Operating Expenses	1,432,035	1,472,654	2,433,203	2,480,054	2,904,689	4,913,257	2,008,568	69.15%
Equipment & Intangible Assets	24,877	15,000	24,877	24,877	39,877	49,754	9,877	24.77%
Grants	1,645,161	1,570,027	2,521,355	2,567,679	3,215,188	5,089,034	1,873,846	58.28%
Transfers	217,232	264,797	217,232	217,232	482,029	434,464	(47,565)	(9.87%)
Total Costs	\$4,857,368	\$5,108,111	\$7,052,951	\$7,148,478	\$9,965,479	\$14,201,429	\$4,235,950	42.51%
General Fund	506,966	506,500	532,011	533,058	1,013,466	1,065,069	51,603	5.09%
State Special	3,989,159	4,128,851	6,049,836	6,144,753	8,118,010	12,194,589	4,076,579	50.22%
Federal Special	21,461	25,000	25,000	25,000	46,461	50,000	3,539	7.62%
Other	339,782	447,760	446,104	445,667	787,542	891,771	104,229	13.23%
Total Funds	\$4,857,368	\$5,108,111	\$7,052,951	\$7,148,478	\$9,965,479	\$14,201,429	\$4,235,950	42.51%

Program Description

The Agricultural Development Division (ADD) administers programs to promote Montana agriculture by working through:

- The Rural Development Bureau
- The Agriculture Marketing & Business Development Bureau
- The State Grain Laboratory
- The Wheat and Barley Committee, which is attached to the Department of Agriculture for administrative purposes. It is composed of seven members appointed by the Governor for 3 year terms and oversees the Wheat and Barley program.
- The Montana Agriculture Development Council, which is attached to the Department of Agriculture for administrative purposes. It is composed of seven members appointed by the Governor for 3 year terms and oversees the Montana Growth through Agriculture Program.

There are five agricultural commodity research and marketing committees that are administratively attached to the Department of Agriculture and supported by the Agricultural Development Division. These committees are comprised primarily of producers of their given commodities who provide direction for the development, research, and marketing of their products and industries. These committees are:

- The Alfalfa Seed Committee
- The Montana Wheat and Barley Committee
- The Cherry Advisory Committee
- The Potato Advisory Committee
- The Pulse Crop Advisory Committee

The division houses two proprietary programs:

- The Hail Insurance Program, managed by the Hail Insurance Board, providing low-cost hail insurance coverage for crops grown in Montana.
- The Farm and Ranch Loan Program, a federally supported program to assist beginning farmers and ranchers in the state to acquire agricultural land.

The division also provides agricultural literacy services around the state.

Program Highlights

Agricultural Development Division Major Budget Highlights	
♦	The legislatively approved budget increased 42.51% above the previous biennium due primarily to the following:
▪	Statewide present law adjustments
▪	Operating adjustment of \$173,200 for the biennium to bring authority back to the FY 2012 authorized level
•	\$76,151 each year of the biennium from the Coal Severance Tax Shared Account for increased grants and loans related to agricultural development
•	\$210,000 from the research and commercialization account for additional spending authority for the food and ag centers
•	\$3.3 million of additional appropriation authority for the biennium from the wheat and barley account for the Wheat and Barley Committee

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Agriculture Funding by Source of Authority 2015 Biennium Budget - Agricultural Development Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,065,069	\$0	\$2,630,000	\$3,695,069	11.1%	15-35-108	Direct
State Special Total	\$12,194,589	\$0	\$1,321,276	\$13,515,865	40.7%		
02040 Wheat & Barley Research & Mktg	\$9,195,365	\$0	\$0	\$9,195,365	27.7%		
02066 Agriculture In Mt Schools Act.	\$35,550	\$0	\$0	\$35,550	0.1%		
02132 Gta Seed Capital Account	\$0	\$0	\$284,584	\$284,584	0.9%	90-9-301	Pass Thru
02178 Cherry Check-off	\$0	\$0	\$48,204	\$48,204	0.1%	80-11-518	Direct
02205 Pulse Crop Research & Mrktg	\$0	\$0	\$879,864	\$879,864	2.6%	80-11-518	Direct
02340 Coal Sev. Tax Shared Ssr	\$869,579	\$0	\$0	\$869,579	2.6%		
02453 Grain Services	\$1,790,604	\$0	\$0	\$1,790,604	5.4%		
02461 Alfalfa Seed Assessment	\$77,991	\$0	\$0	\$77,991	0.2%		
02557 Research & Commercialization	\$210,000	\$0	\$0	\$210,000	0.6%		
02582 Certified Natural Beef	\$15,500	\$0	\$0	\$15,500	0.0%		
02793 Potato Research & Marketing	\$0	\$0	\$108,624	\$108,624	0.3%	80-11-518	Direct
Federal Special Total	\$50,000	\$0	\$0	\$50,000	0.2%		
03225 Agriculture Add Federal	\$50,000	\$0	\$0	\$50,000	0.2%		
Proprietary Total	\$891,771	\$116,400	\$14,966,414	\$15,974,585	48.1%		
06016 Beginning Farm Loans	\$0	\$116,400	\$0	\$116,400	0.4%		
06052 Hail Insurance	\$891,771	\$0	\$14,966,414	\$15,858,185	47.7%	80-2-222	Pass Thru
Total All Funds	\$14,201,429	\$116,400	\$18,917,690	\$33,235,519	100.0%		
Percent - Total All Sources	42.7%	0.4%	56.9%				

The funding for the Agricultural Development Division is dominated by state special revenue (SSR), accounting for 81.2% of the program's HB 2 total funding. The largest account, the wheat and barley research and marketing SSR account, comprises 68.4% of the HB 2 appropriation for the program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	506,966	506,966	1,013,932	95.20%	4,857,368	4,857,368	9,714,736	68.41%
Statewide PL Adjustments	25,045	26,092	51,137	4.80%	340,929	343,807	684,736	4.82%
Other PL Adjustments	0	0	0	0.00%	86,613	86,613	173,226	1.22%
New Proposals	0	0	0	0.00%	1,768,041	1,860,690	3,628,731	25.55%
Total Budget	\$532,011	\$533,058	\$1,065,069		\$7,052,951	\$7,148,478	\$14,201,429	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Personal Services					395,234				397,691
Vacancy Savings					(77,013)				(77,118)
Inflation/Deflation					(1,731)				(660)
Fixed Costs					24,439				23,894
Total Statewide Present Law Adjustments		\$25,045	\$269,404	\$0	\$340,929*		\$26,092	\$271,672	\$343,807*
DP 50 - Initial Motion to FY 2012 Base	0.00	(25,045)	(269,404)	0	(340,929)*	0.00	(26,092)	(271,672)	(343,807)*
DP 51 - Adjustment for Statewide Personal Services	0.00	21,923	252,399	0	318,221*	0.00	23,426	253,558	320,573*
DP 52 - Adjustment for Statewide Operations	0.00	3,122	17,005	0	22,708*	0.00	2,666	18,114	23,234*
DP 5001 - Program 50 Operating Adjustment	0.00	0	23,232	3,539	86,613*	0.00	0	23,232	86,613*
Total Other Present Law Adjustments	0.00	\$0	\$23,232	\$3,539	\$86,613*	0.00	\$0	\$23,232	\$86,613*
Grand Total All Present Law Adjustments	0.00	\$25,045	\$292,636	\$3,539	\$427,542*	0.00	\$26,092	\$294,904	\$430,420*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 5001 - Program 50 Operating Adjustment - The legislature approved adjustments to base operations authority from the alfalfa seed assessment, hail insurance, and certified beef state special revenue accounts, and federal funding. Actual expenditures in FY 2012 were lower than the level authorized by the 62nd Legislature due to the variable nature of agricultural activity. This authority will be used for research contracts and grants, supplies, travel, and meeting expenses in the alfalfa seed, hail insurance, marketing, and certified natural beef programs.

New Proposals

Fiscal 2014						Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5002 - Coal Severance Tax Shared Account										
50	0.00	0	76,151	0	76,151	0.00	0	76,151	0	76,151
DP 5003 - Ag in Montana Schools Account										
50	0.00	0	3,000	0	3,000	0.00	0	3,000	0	3,000
DP 5009 - Food and Ag Center Funding (RST/OTO)										
50	0.00	0	105,000	0	105,000	0.00	0	105,000	0	105,000
DP 5012 - Wheat and Barley Committee Funding (RST)										
50	0.00	0	1,583,890	0	1,583,890	0.00	0	1,676,539	0	1,676,539
Total	0.00	\$0	\$1,768,041	\$0	\$1,768,041	0.00	\$0	\$1,860,690	\$0	\$1,860,690

DP 5002 - Coal Severance Tax Shared Account - The legislature approved funding at the 2011 biennium level for grants and loans related to agricultural development, from the coal tax shared account.

DP 5003 - Ag in Montana Schools Account - The legislature approved funding from the agriculture in Montana schools account to match operating authority more closely to the revenues that are received through the voluntary check off. The additional funding will be used for supplies, printing, and travel to develop and deliver agriculture related curriculum to classroom teachers.

DP 5009 - Food and Ag Center Funding RST/OTO - The legislature approved adding funding from the research and commercialization account for the 2015 biennium to provide additional funding to the Montana food and agricultural development centers. This funds the food and agricultural development centers at \$300,000 each year of the biennium, including the statutory appropriation of \$195,000 annually authorized in MCA 90-3-1003(4) from the research and commercialization account.

DP 5012 - Wheat and Barley Committee Funding RST - The legislature approved removing \$2.9 million each year of the biennium from the wheat and barley account from the base and adding an additional appropriation of \$1.6 million in FY 2014 and \$1.7 million in FY 2015. Funding for the Wheat and Barley Committee totaled \$4.5 million for FY 2014 and \$4.6 million for FY 2015, all from the wheat and barley account.

Proprietary Rates**Proprietary Program Description**

The Hail Insurance program (fund 06052) has been in operation since 1917. The function of the program is to provide low cost hail insurance coverage for crops grown in Montana to assist producers in recovering their input costs should there be hail damage. The program insures approximately 1.9 million acres of crops with coverage exceeding \$85 million each year. The program pays for 3.17 permanent FTE and 4.55 seasonal FTE to support program operations. The program is statutorily appropriated under Title 80, Chapter 2, part 2, MCA.

The Montana Beginning Farmer/Rancher Loan Program (fund 06016) is a tax-exempt bond program designed to assist beginning farmers/ranchers in the State of Montana to acquire agricultural property at lower interest rates. The program enables lenders, individuals, partnerships, corporations, and other entities to receive federally tax-exempt interest with respect to a loan or contract sale made to a qualifying beginning farmer/rancher. The financial institution, after arranging the loan or sales contract, will obtain from the Montana agriculture loan authority a federally tax-exempt bond in the amount of the loan or unpaid balance. The loan and its collateral will be assigned to the financial institution as security for the bond. In the case of a contract sale, the contract will be entered into by the authority, and the financial institution will receive the bond to evidence the authority's obligations under the contract. The authority's right, title and interest in the contract will then be assigned to the beginning farmer/rancher who assumes payment obligations of the authority under the contract. Once the program is operational, it will fund a 0.50 FTE and related operating expenses. The FTE will not be filled until revenue will support it. The program is statutorily appropriated under Title 80, Chapter 12, part 2, MCA.

Proprietary Revenues and Expenses

The Board of Hail Insurance is responsible for estimating annual expenses and recommending the premium to be imposed on participating producers, no changes have been made in services or fees. Using the agreed upon formula, the program must maintain \$1,321,552 in cash to maintain an ongoing operation. The Department of Revenue issues the insurance policies to producers.

The Farm and Ranch Loan Program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Proprietary Rate Explanation

The Montana Beginning Farmer/Rancher Loan Program applicants pay a \$50 application fee and a loan participation fee of 1.5% of the value of the bond.

Language and Statutory Authority

The legislature included the following language in HB 2:

“Central Management Division includes a reduction in general fund of \$7,366 in fiscal year 2014 and \$7,398 in fiscal year 2015, state special revenue of \$80,398 in fiscal year 2014 and \$80,509 in fiscal year 2015, federal special revenue of \$46,249 in fiscal year 2014 and \$46,032 in fiscal year 2015, and proprietary funds of \$10,051 in fiscal year 2014 and \$10,252 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

JUDICIAL BRANCH, LAW ENFORCEMENT, AND JUSTICE

Section D

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Judicial Branch
Montana Board of Crime Control
Justice

Public Service Regulation
Office of Public Defender
Corrections

-----Committee Members-----

House

Representative Steve Gibson (Chair)
Representative Randy Brodehl
Representative Kimberly Dudik

Senate

Senator Eric Moore
Senator Edward Walker
Senator Mitch Tropila

-----Fiscal Division Staff-----

Greg DeWitt

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	412.58	412.58	428.83	429.83	412.58	429.83	17.25	4.18%
Personal Services	29,439,881	30,280,661	31,012,646	31,097,800	59,720,542	62,110,446	2,389,904	4.00%
Operating Expenses	7,574,185	7,744,566	8,899,347	8,620,621	15,318,751	17,519,968	2,201,217	14.37%
Equipment & Intangible Assets	121,156	130,870	123,633	125,605	252,026	249,238	(2,788)	(1.11%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Transfers	0	0	0	0	0	0	0	n/a
Debt Service	8,875	11,651	8,875	8,875	20,526	17,750	(2,776)	(13.52%)
Total Costs	\$37,144,097	\$38,167,748	\$40,044,501	\$39,852,901	\$75,311,845	\$79,897,402	\$4,585,557	6.09%
General Fund	35,052,259	35,658,080	37,422,144	37,232,971	70,710,339	74,655,115	3,944,776	5.58%
State Special	1,969,709	2,386,679	2,501,475	2,499,089	4,356,388	5,000,564	644,176	14.79%
Federal Special	122,129	122,989	120,882	120,841	245,118	241,723	(3,395)	(1.39%)
Total Funds	\$37,144,097	\$38,167,748	\$40,044,501	\$39,852,901	\$75,311,845	\$79,897,402	\$4,585,557	6.09%

Agency Description

Mission Statement: The Judicial Branch's mission is to provide an independent, accessible, responsive, impartial and timely forum to resolve disputes; to preserve the rule of law; and to protect the rights and liberties guaranteed by the Constitutions of the United States and Montana.

Article III, Section I, and Article VII of the Montana Constitution authorizes the Judicial Branch. There are five programs within the branch: 1) Supreme Court Operations; 2) Law Library; 3) District Court Operations; 4) Water Court Supervision; and 5) Clerk of the Supreme Court.

Agency Highlights

Judicial Branch Major Budget Highlights	
<ul style="list-style-type: none"> The legislative budget is \$4.6 million higher than the current biennium <ul style="list-style-type: none"> Funding increases are for: 1) cost increases of district courts; 2) courtroom technology; 3) increased costs and expansion in state support for drug courts The legislature provided funding to add 17.25 FTE for: 1) the Water Court via a transfer of FTE from the Department Natural Resources and Conservation; 2) law clerks for district court judges; 3) information technology staff to address workload issues; 4) staff for drug courts; and 5) staff for the court help program that has been funded as one-time-only in past biennia 	

Summary of Legislative Action

The legislature provided funding for the agency that consists of:

- The base budget plus statewide present law adjustments, but with vacancy savings at 2% applied to non-elected positions
- Funding to add 3.00 FTE to provide law clerks for specified district court judges
- Funding to add 3.00 FTE to address demands on information technology staff

- Funding to add 3.00 FTE to the water court via a transfer of positions from the Department of Natural Resources and Conservation
- Funding to add 4.25 FTE for the court help program, which is funded in the current biennium with one-time-only funds
- Funding to add 4.00 FTE for drug courts
- Increased costs and to expand state support for drug and driving while intoxicated (DUI) courts
- Cost increases in district courts

Funding

The following table shows agency funding by source of authority, as adopted by the legislature. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Judicial Branch Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$74,655,115	\$0	\$0	\$74,655,115	93.0%
State Special Total	5,000,564	-	-	5,000,564	6.2%
Federal Special Total	241,723	-	-	241,723	0.3%
Proprietary Total	-	368,529	-	368,529	0.5%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
<hr/>					
Total All Funds	\$79,897,402	\$368,529	\$0	\$80,265,931	
Percent - Total All Sources	99.5%	0.5%	0.0%		

The branch receives the majority of its funding from the general fund. The largest sources of state special revenue are the natural resources operation fund and water adjudication fund, which support the Water Court. Other sources of state special revenue include fines and fees, assessments for training events, and the accrued county sick/vacation leave fund. Federal funds received by the branch support the Court Assessment Program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	35,052,259	35,052,259	70,104,518	94.01%	37,144,097	37,144,097	74,288,194	93.07%
Statewide PL Adjustments	1,233,271	1,210,023	2,443,294	3.28%	1,473,953	1,454,891	2,928,844	3.67%
Other PL Adjustments	122,180	100,757	222,937	0.30%	412,017	383,981	795,998	1.00%
New Proposals	974,434	829,932	1,804,366	2.42%	974,434	829,932	1,804,366	2.26%
Total Budget	\$37,382,144	\$37,192,971	\$74,575,115		\$40,004,501	\$39,812,901	\$79,817,402	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated

that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	412.58	436.83	428.83	(8.00)	437.83	429.83	(8.00)	
Personal Services	29,439,881	31,888,159	31,012,646	(875,513)	31,973,563	31,097,800	(875,763)	(1,751,276)
Operating Expenses	7,574,185	9,307,627	8,859,347	(448,280)	8,894,166	8,580,621	(313,545)	(761,825)
Equipment & Intangible Assets	121,156	123,633	123,633	0	125,605	125,605	0	0
Benefits & Claims	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Debt Service	8,875	8,875	8,875	0	8,875	8,875	0	0
Total Costs	\$37,144,097	\$41,328,294	\$40,004,501	(\$1,323,793)	\$41,002,209	\$39,812,901	(\$1,189,308)	(\$2,513,101)
General Fund	35,052,259	38,699,814	37,382,144	(1,317,670)	38,376,086	37,192,971	(1,183,115)	(2,500,785)
State/Other Special	1,969,709	2,506,544	2,501,475	(5,069)	2,504,229	2,499,089	(5,140)	(10,209)
Federal Special	122,129	121,936	120,882	(1,054)	121,894	120,841	(1,053)	(2,107)
Total Funds	\$37,144,097	\$41,328,294	\$40,004,501	(\$1,323,793)	\$41,002,209	\$39,812,901	(\$1,189,308)	(\$2,513,101)

The legislative budget for the Judicial Branch is \$2.5 million in general fund and total funds lower than the executive budget request. The legislature made the following changes to the executive request:

- A 2% vacancy savings rate was applied to all non-elected positions rather than the 0% as proposed by the Governor
- Funding for 4.00 fewer FTE were approved to support increased demand on information technology staff
- Funding for 4.00 fewer FTE were approved to provide support for district court judges
- Funding to address increases in district court costs was approved at \$250,000 lower than requested
- Funding to address increased costs and to expand drug and driving while intoxicated (DUI) courts was approved at \$240,000 lower than requested

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	67.25	67.25	77.50	78.50	67.25	78.50	11.25	16.73%
Personal Services	4,709,540	5,199,121	5,522,847	5,583,499	9,908,661	11,106,346	1,197,685	12.09%
Operating Expenses	4,459,087	4,411,407	5,319,567	5,059,980	8,870,494	10,379,547	1,509,053	17.01%
Equipment & Intangible Assets	8,885	0	8,885	8,885	8,885	17,770	8,885	100.00%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$9,177,512	\$9,610,528	\$10,851,299	\$10,652,364	\$18,788,040	\$21,503,663	\$2,715,623	14.45%
General Fund	8,843,564	9,222,703	10,488,862	10,289,967	18,066,267	20,778,829	2,712,562	15.01%
State Special	211,819	264,836	241,555	241,556	476,655	483,111	6,456	1.35%
Federal Special	122,129	122,989	120,882	120,841	245,118	241,723	(3,395)	(1.39%)
Total Funds	\$9,177,512	\$9,610,528	\$10,851,299	\$10,652,364	\$18,788,040	\$21,503,663	\$2,715,623	14.45%

Program Description

The Supreme Court has appellate jurisdiction for the State of Montana. The court has original jurisdiction to issue, hear, and determine writs of habeas corpus and other writs provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, and admission to the bar and conduct of its members. Within the Supreme Court Operations program, the Office of Court Administrator provides centralized services to the Judicial Branch including information technology, budget and finance, payroll and human resource management, policy and technical support for the Youth Courts, judicial education, and services provided through the federal Court Assessment Program related to child abuse and neglect cases.

Program Highlights

Supreme Court Operations Major Budget Highlights	
♦	General fund was approved to replace expiring federal grant funds for drug courts
♦	Major funding increases were for: <ul style="list-style-type: none"> Statewide present law adjustments Court Help Program Expansion of drug courts started with federal funds Information technology staff and courtroom technology
♦	The legislature approved funding to add 11.25 FTE, all but 4.00 FTE of which are associated with one-time-only (OTO) funding and will need to be requested from the 2015 Legislature to continue: <ul style="list-style-type: none"> 3.00 FTE to support court information systems, OTO funding 4.25 FTE for the Court Help Program – OTO funding 4.00 FTE to support drug courts – ongoing funding

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Judicial Branch Funding by Source of Authority 2015 Biennium Budget - Supreme Court Operations							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$20,778,829	\$0	\$0	\$20,778,829	96.6%		
State Special Total	\$483,111	\$0	\$0	\$483,111	2.2%		
02399 Boards And Commissions - Mji	\$129,269	\$0	\$0	\$129,269	0.6%		
02536 Legal Assistance	\$281,338	\$0	\$0	\$281,338	1.3%		
02961 State Grants To Drug Courts	\$72,504	\$0	\$0	\$72,504	0.3%		
Federal Special Total	\$241,723	\$0	\$0	\$241,723	1.1%		
03240 Court Assessment Program	\$241,723	\$0	\$0	\$241,723	1.1%		
Total All Funds	\$21,503,663	\$0	\$0	\$21,503,663	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The bulk of the program's funding comes from the general fund. State special revenues supporting the program include revenue from a portion of the dissolution of marriage fees used to provide civil legal services for indigent victims of domestic violence (3-2-714, MCA) and fees collected by drug courts. State special revenue from fees charged for training events provides a portion of the funding in support of boards and commissions. Federal funds support the court assessment program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	8,843,564	8,843,564	17,687,128	85.12%	9,177,512	9,177,512	18,355,024	85.36%
Statewide PL Adjustments	763,108	712,221	1,475,329	7.10%	762,915	711,986	1,474,901	6.86%
Other PL Adjustments	(22,244)	(25,750)	(47,994)	(0.23%)	6,438	2,934	9,372	0.04%
New Proposals	904,434	759,932	1,664,366	8.01%	904,434	759,932	1,664,366	7.74%
Total Budget	\$10,488,862	\$10,289,967	\$20,778,829		\$10,851,299	\$10,652,364	\$21,503,663	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
Fiscal 2014					Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				375,487					379,399
Inflation/Deflation				(2,840)					(1,401)
Fixed Costs				390,268					333,988
Total Statewide Present Law Adjustments									
	\$763,108	\$0	(\$193)	\$762,915		\$712,221	\$0	(\$235)	\$711,986
DP 50 - Initial Motion to FY 2012 Base									
	0.00 (763,108)	0	193	(762,915)	0.00	(712,221)	0	235	(711,986)
DP 51 - Adjustment for Statewide Personal Services									
	0.00 300,027	(264)	(1,252)	298,511	0.00	303,910	(263)	(1,301)	302,346
DP 52 - Adjustment for Statewide Operations									
	0.00 392,296	0	5	392,301	0.00	337,439	0	13	337,452
DP 1001 - Judicial Standards - Restricted/Biennial									
	0.00 5,998	0	0	5,998	0.00	0	0	0	0
DP 1002 - Information Technology System Maintenance Costs									
	0.00 37,555	0	0	37,555	0.00	37,555	0	0	37,555
DP 1004 - Rent Old Federal Building									
	0.00 4,988	0	0	4,988	0.00	7,567	0	0	7,567
DP 1006 - Drug Court Increase to Existing Funding									
	0.00 0	30,000	0	30,000	0.00	0	30,000	0	30,000
Total Other Present Law Adjustments									
	0.00 (\$22,244)	\$29,736	(\$1,054)	\$6,438	0.00	(\$25,750)	\$29,737	(\$1,053)	\$2,934
Grand Total All Present Law Adjustments									
	0.00 \$740,864	\$29,736	(\$1,247)	\$769,353	0.00	\$686,471	\$29,737	(\$1,288)	\$714,920

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services, with a 2% vacancy savings applied to all non-elected positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1001 - Judicial Standards - Restricted/Biennial - The legislature approved general fund to fund the constitutionally mandated Judicial Standards Commission. This adjustment will be used to pay for the investigations of complaints against judges and will restore the biennium funding to \$25,000, which is the level the legislature has appropriated since the 2007 biennium. The legislature designated the funding as restricted and biennial.

DP 1002 - Information Technology System Maintenance Costs - The legislature approved general fund to fund contractual increases in the vendor contracts to maintain case management systems and provide technical support via vendor contracts in Missoula, Yellowstone, Flathead, and Ravalli counties.

DP 1004 - Rent Old Federal Building - The legislature approved general fund to address a 2% inflation clause in the lease for the building that houses a portion of program staff in downtown Helena.

DP 1006 - Drug Court Increase to Existing Funding - The legislature approved increases to fund additional costs for the 13 drug courts initially funded by the 2009 Legislature. The increased funding will be used primarily to address inflationary pressures as well as allow more participation (up to a 5% increase or 8 participants) in the program if funds are available after addressing cost inflation.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				Total Funds
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	
DP 1003 - Information Technology Increased Staffing - OTO										
01	3.00	171,517	0	0	171,517	3.00	162,712	0	0	162,712
DP 1005 - Court Help Program										
01	4.25	325,000	0	0	325,000	4.25	324,842	0	0	324,842
DP 1007 - Drug Courts Add Funding for Expiring Grants										
01	3.00	185,467	0	0	185,467	4.00	272,378	0	0	272,378
DP 1009 - Courtroom Technology - OTO										
01	0.00	222,450	0	0	222,450	0.00	0	0	0	0
Total	10.25	\$904,434	\$0	\$0	\$904,434	11.25	\$759,932	\$0	\$0	\$759,932

DP 1003 - Information Technology Increased Staffing - OTO - The legislature approved increases for personal services and operating costs to add 3.00 FTE (1.00 FTE network technicians and 2.00 FTE business analysts) and operating costs to support branch automated court systems. The funding was designated as one-time-only.

DP 1005 - Court Help Program - The legislature approved general fund for personal services and operating costs to add 4.25 FTE for the Court Help Program. The FTE will run self-help centers in Flathead, Gallatin, and Yellowstone Counties (2.5 FTE), manage the self-help component of the program including providing oversight of centers and AmeriCorps service members working in the centers (1.00 FTE), and manage the pro bono component of the program (1.00 FTE). The legislature designated the funding as biennial and one-time-only.

DP 1007 - Drug Courts Add Funding for Expiring Grants - The legislature approved increases for personal services and operating costs to add 3.00 FTE in each year of the biennium and an additional 1.00 FTE in FY 2015. Besides staffing costs other costs are for drug testing and treatment expenses. The funding will support drug courts in five additional courts beyond the 13 courts currently funded. The five additional courts are currently funded with federal grant funds that are slated to expire during the 2015 biennium.

DP 1009 - Courtroom Technology - OTO - The legislature approved increases to continue courtroom technology improvements throughout Montana courts. This funding includes \$285,000 to upgrade existing equipment and to add technology to courtrooms where it currently does not exist. It also includes \$37,450 to add video conferencing equipment to the seven rural counties where no video conferencing capabilities currently exist. The legislature designated the funding as one-time-only and biennial.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	6.75	6.75	6.75	6.75	6.75	6.75	0.00	0.00%
Personal Services	377,472	404,751	370,781	372,348	782,223	743,129	(39,094)	(5.00%)
Operating Expenses	404,222	335,237	404,253	404,305	739,459	808,558	69,099	9.34%
Equipment & Intangible Assets	84,261	97,184	86,738	88,710	181,445	175,448	(5,997)	(3.31%)
Debt Service	8,875	7,901	8,875	8,875	16,776	17,750	974	5.81%
Total Costs	\$874,830	\$845,073	\$870,647	\$874,238	\$1,719,903	\$1,744,885	\$24,982	1.45%
General Fund	874,830	845,073	870,647	874,238	1,719,903	1,744,885	24,982	1.45%
Total Funds	\$874,830	\$845,073	\$870,647	\$874,238	\$1,719,903	\$1,744,885	\$24,982	1.45%

Program Description

The State Law Library of Montana (MCA 22-1-501 et seq) provides access to legal information consistent with the present and anticipated needs, responsibilities, and concerns of Montana's courts, legislature, state officers and employees, members of the bar of the Supreme Court of Montana, and members of the general public. The library selects, acquires, and maintains resources consistent with this mission. More electronic licenses are acquired each year, which frequently replace the hard copies. This allows the library to get the information more quickly to the customer and to conserve its available shelf space for books and other printed material. The library's space, equipment, and technology are maintained in a manner that will ensure operational efficiency, improve collection preservation, and respond to requirements for accessibility of users and staff.

Library staff provides extensive training in legal research methods and access to the Montana court system. The library's web site (www.lawlibrary.mt.gov) has been designed to help Montana's citizens find the statutes, court cases and rules, legal forms, and explanation of the laws they need. 75% of the people the Law Library assists are non-lawyers who cannot afford attorneys. The Library also operates a Self-Help Center in partnership with Carroll College students.

Program Highlights

Law Library Major Budget Highlights	
•	The only change to the budget was for statewide present law adjustments

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Judicial Branch Funding by Source of Authority 2015 Biennium Budget - Law Library							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,744,885	\$0	\$0	\$1,744,885	82.6%		
Proprietary Total	\$0	\$368,529	\$0	\$368,529	17.4%		
06019 Law Library Searches/research	\$0	\$368,529	\$0	\$368,529	17.4%		
Total All Funds	\$1,744,885	\$368,529	\$0	\$2,113,414	100.0%		
Percent - Total All Sources	82.6%	17.4%	0.0%				

HB 2 funding for the law library is entirely from general fund.

The law library also operates an enterprise type proprietary funded program for which the legislature does not approve rates and the funding does not appear in HB 2 tables.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	874,830	874,830	1,749,660	100.27%	874,830	874,830	1,749,660	100.27%
Statewide PL Adjustments	3,384	7,007	10,391	0.60%	3,384	7,007	10,391	0.60%
Other PL Adjustments	(7,567)	(7,599)	(15,166)	(0.87%)	(7,567)	(7,599)	(15,166)	(0.87%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$870,647	\$874,238	\$1,744,885		\$870,647	\$874,238	\$1,744,885	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					876					2,475
Inflation/Deflation					2,508					4,532
Total Statewide Present Law Adjustments										
		\$3,384	\$0	\$0	\$3,384		\$7,007	\$0	\$0	\$7,007
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(3,384)	0	0	(3,384)	0.00	(7,007)	0	0	(7,007)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	(6,691)	0	0	(6,691)	0.00	(5,124)	0	0	(5,124)
DP 52 - Adjustment for Statewide Operations										
	0.00	2,508	0	0	2,508	0.00	4,532	0	0	4,532
Total Other Present Law Adjustments										
	0.00	(\$7,567)	\$0	\$0	(\$7,567)	0.00	(\$7,599)	\$0	\$0	(\$7,599)
Grand Total All Present Law Adjustments										
	0.00	(\$4,183)	\$0	\$0	(\$4,183)	0.00	(\$592)	\$0	\$0	(\$592)

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services, with a 2% vacancy savings applied to all non-elected positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Proprietary Rates

Law Library Searches/Research Enterprise Fund – 06019

Proprietary Program Description

The law library contracts with an on-line provider for access to a legal database.

Expenses

This proprietary program has only two expenses: 1) an allocation for the statewide indirect cost pool; and 2) charges for searches and research of the on-line database.

Revenues

Revenues for the services are payments made by the various state, county, and city entities that use the services and are based on based on the cost of the search performed.

Proprietary Rates

No changes were made.

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	311.58	311.58	314.58	314.58	311.58	314.58	3.00	0.96%
Personal Services	22,496,889	22,546,580	22,851,493	22,870,679	45,043,469	45,722,172	678,703	1.51%
Operating Expenses	2,470,597	2,761,692	2,870,494	2,856,714	5,232,289	5,727,208	494,919	9.46%
Equipment & Intangible Assets	19,723	25,399	19,723	19,723	45,122	39,446	(5,676)	(12.58%)
Benefits & Claims	0	0	0	0	0	0	0	n/a
Debt Service	0	3,750	0	0	3,750	0	(3,750)	(100.00%)
Total Costs	\$24,987,209	\$25,337,421	\$25,741,710	\$25,747,116	\$50,324,630	\$51,488,826	\$1,164,196	2.31%
General Fund	24,862,817	25,110,156	25,592,692	25,598,098	49,972,973	51,190,790	1,217,817	2.44%
State Special	124,392	227,265	149,018	149,018	351,657	298,036	(53,621)	(15.25%)
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$24,987,209	\$25,337,421	\$25,741,710	\$25,747,116	\$50,324,630	\$51,488,826	\$1,164,196	2.31%

Program Description

The District Courts have original jurisdiction in all felony criminal cases, most civil matters and other cases in law, and in equity. These courts may issue all writs appropriate to their jurisdiction and hear appeals from Courts of Limited Jurisdiction pursuant to statutory parameters. The District Courts are also the state's Youth Courts, responsible for managing juvenile probation functions. There are 46 District Court judges in 22 judicial districts serving all 56 counties. The 2001 Legislature mandated state funding of District Court expenses, including salaries and operating expenses for judges and their employees. District Court costs are the largest segment of the Judicial Branch budget.

Program Highlights

District Court Operations Major Budget Highlights	
♦ Major funding increases were for:	<ul style="list-style-type: none"> ▪ Statewide present law adjustments ▪ Funding to add 3.00 FTE judicial support staff for district court judges • Funding to annualize district court variable costs due to an abnormally low base year

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Judicial Branch Funding by Source of Authority 2015 Biennium Budget - District Court Operations							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$51,190,790	\$0	\$0	\$51,190,790	99.4%		
State Special Total	\$298,036	\$0	\$0	\$298,036	0.6%		
02141 Youth Court Fees	\$181,194	\$0	\$0	\$181,194	0.4%		
02788 Acc. Cty Sick/vacation Leave	\$116,842	\$0	\$0	\$116,842	0.2%		
Total All Funds	\$51,488,826	\$0	\$0	\$51,488,826	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The bulk of the funding for District Court Operations comes from the general fund. State special revenue supporting the program comes from court imposed fines and fees and county payments to the accrued sick/vacation leave fund made at the time of state assumption of District Court costs. Federal funds supporting the program are generally time limited grant awards that support special projects such as drug courts. No federal funds are anticipated in the 2015 biennium.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	24,862,817	24,862,817	49,725,634	97.14%	24,987,209	24,987,209	49,974,418	97.06%
Statewide PL Adjustments	461,496	484,775	946,271	1.85%	457,686	480,965	938,651	1.82%
Other PL Adjustments	198,379	180,506	378,885	0.74%	226,815	208,942	435,757	0.85%
New Proposals	70,000	70,000	140,000	0.27%	70,000	70,000	140,000	0.27%
Total Budget	\$25,592,692	\$25,598,098	\$51,190,790		\$25,741,710	\$25,747,116	\$51,488,826	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014						Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				462,710					482,412	
Inflation/Deflation				(4,661)					(1,160)	
Fixed Costs				(363)					(287)	
Total Statewide Present Law Adjustments										
	\$461,496	(\$3,810)	\$0	\$457,686		\$484,775	(\$3,810)	\$0	\$480,965	
DP 50 - Initial Motion to FY 2012 Base	0.00	(461,496)	3,810	0	(457,686)	0.00	(484,775)	3,810	0	(480,965)
DP 51 - Adjustment for Statewide Personal Services	0.00	160,913	(3,840)	0	157,073	0.00	180,216	(3,834)	0	176,382
DP 52 - Adjustment for Statewide Operations	0.00	(5,054)	30	0	(5,024)	0.00	(1,471)	24	0	(1,447)
DP 4001 - Minimum Standards - Judicial Support Staff	3.00	201,516	0	0	201,516	3.00	184,036	0	0	184,036
DP 4003 - Accrued Leave Payouts - State Special Revenue	0.00	0	28,436	0	28,436	0.00	0	28,436	0	28,436
DP 4004 - Increase for District Court Contracts & Transcript	0.00	12,500	0	0	12,500	0.00	12,500	0	0	12,500
DP 4005 - District Court Variable Base Adjustment	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
DP 4006 - HB 107 Transfer	0.00	40,000	0	0	40,000	0.00	40,000	0	0	40,000
Total Other Present Law Adjustments										
	3.00	\$198,379	\$28,436	\$0	\$226,815	3.00	\$180,506	\$28,436	\$0	\$208,942
Grand Total All Present Law Adjustments										
	3.00	\$659,875	\$24,626	\$0	\$684,501	3.00	\$665,281	\$24,626	\$0	\$689,907

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services, with a 2% vacancy savings applied to all non-elected positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 4001 - Minimum Standards - Judicial Support Staff - The legislature approved general fund for operating costs and personal services to add 3.00 FTE law clerks. In approving the funds, the legislature specified that 1.00 FTE each may be added only to Judicial District 7 (Dawson/Richland/McCone/ Prairie/Wibaux Counties); Judicial District 15 (Daniels/Roosevelt/Sheridan Counties); and Judicial District 16 (Carter/Custer/Fallon/Garfield/Powder River/Rosebud/Treasure Counties).

DP 4003 - Accrued Leave Payouts - State Special Revenue - The legislature approved state special revenue for projected retirement payouts of employees who became state employees at the time of district court assumption.

DP 4004 - Increase for District Court Contracts & Transcript - The legislature approved funding to increase rates to contractors in several areas for district courts: contracted court reporters (3 judicial Districts), relief court reporters (most judicial districts), court appointed special advocates (CASA) programs, and contracted guardians ad litem (GAL). The funding will also increase the statutory transcript rate.

DP 4005 - District Court Variable Base Adjustment - The legislature approved funding for anticipated increases in District Court variable costs. Among the functions covered are jury and witness costs, psychiatric evaluations, appointed guardians ad litem, court reporters, travel, and interpreters.

DP 4006 - HB 107 Transfer - The legislature passed HB 107 that transfers the expense for counsel assignments from the Office of State Public Defender to the courts for certain cases in abuse and neglect proceedings. This adjustment increases funding for the courts for these expenses per the coordinating language of HB 107. An offsetting adjustment is made in the Office of Public Defender Program of the Office of State Public Defender.

New Proposals

New Proposals										
Fiscal 2014						Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4002 - Continued Guardian Ad Litem Funding										
04	0.00	70,000	0	0	70,000	0.00	70,000	0	0	70,000
Total	0.00	\$70,000	\$0	\$0	\$70,000	0.00	\$70,000	\$0	\$0	\$70,000

DP 4002 - Continued Guardian Ad Litem Funding - The legislature approved funding for the guardian ad litem services in child abuse and neglect cases in Judicial District 2, Silver Bow County.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	21.50	21.50	24.50	24.50	21.50	24.50	3.00	13.95%
Personal Services	1,428,829	1,694,135	1,841,659	1,844,846	3,122,964	3,686,505	563,541	18.05%
Operating Expenses	196,382	192,156	260,956	255,382	388,538	516,338	127,800	32.89%
Equipment & Intangible Assets	8,287	8,287	8,287	8,287	16,574	16,574	0	0.00%
Total Costs	\$1,633,498	\$1,894,578	\$2,110,902	\$2,108,515	\$3,528,076	\$4,219,417	\$691,341	19.60%
State Special	1,633,498	1,894,578	2,110,902	2,108,515	3,528,076	4,219,417	691,341	19.60%
Total Funds	\$1,633,498	\$1,894,578	\$2,110,902	\$2,108,515	\$3,528,076	\$4,219,417	\$691,341	19.60%

Program Description

The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana pursuant to Title 3, Chapter 7 and Title 85, Chapter 2, MCA.

Program Highlights

Water Courts Supervision Major Budget Highlights	
♦	The legislature transferred funding for 3.00 FTE to the Water Court from the Department of Natural Resources and Conservation (DNRC)
♦	Major funding increases were for: <ul style="list-style-type: none"> Statewide present law adjustments Funding for FTE transferred to the Water Court from DNRC

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Judicial Branch Funding by Source of Authority 2015 Biennium Budget - Water Courts Supervision							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$4,219,417	\$0	\$0	\$4,219,417	100.0%		
02431 Water Adjudication	\$2,187,117	\$0	\$0	\$2,187,117	51.8%		
02576 Natural Resources Operations Ssr Fu	\$2,032,300	\$0	\$0	\$2,032,300	48.2%		
Total All Funds	\$4,219,417	\$0	\$0	\$4,219,417	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Water Court is supported entirely by state special revenue from the natural resources operations and the water adjudication account.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	1,633,498	1,633,498	3,266,996	77.43%
Statewide PL Adjustments	0	0	0	0.00%	244,685	248,913	493,598	11.70%
Other PL Adjustments	0	0	0	0.00%	232,719	226,104	458,823	10.87%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$2,110,902	\$2,108,515	\$4,219,417	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					245,923					249,307
Inflation/Deflation					188					463
Fixed Costs					(1,426)					(857)
Total Statewide Present Law Adjustments										
		\$0	\$244,685	\$0	\$244,685		\$0	\$248,913	\$0	\$248,913
DP 50 - Initial Motion to FY 2012 Base										
	0.00	0	(244,685)	0	(244,685)	0.00	0	(248,913)	0	(248,913)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	241,118	0	241,118	0.00	0	244,430	0	244,430
DP 52 - Adjustment for Statewide Operations										
	0.00	0	(1,238)	0	(1,238)	0.00	0	(394)	0	(394)
DP 5001 - Water Court Rent Increase										
	0.00	0	5,328	0	5,328	0.00	0	8,130	0	8,130
DP 5002 - Water Court - FTE Transfer										
	3.00	0	232,196	0	232,196	3.00	0	222,851	0	222,851
Total Other Present Law Adjustments										
	3.00	\$0	\$232,719	\$0	\$232,719	3.00	\$0	\$226,104	\$0	\$226,104
Grand Total All Present Law Adjustments										
	3.00	\$0	\$477,404	\$0	\$477,404	3.00	\$0	\$475,017	\$0	\$475,017

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services with a 2% vacancy savings applied to all non-elected positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 5001 - Water Court Rent Increase - The legislature approved an increase of \$5,328 in FY 2014 and \$8,130 in FY 2015 of special revenue fund authority to cover a 3% annual increase in rent payments. The 3% increase is required every May per the lease agreement.

DP 5002 - Water Court - FTE Transfer - The legislature approved the transfer of 3.00 FTE from the Department of Natural Resources to the Water Court.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	5.50	5.50	5.50	5.50	5.50	5.50	0.00	0.00%
Personal Services	427,151	436,074	425,866	426,428	863,225	852,294	(10,931)	(1.27%)
Operating Expenses	43,897	44,074	44,077	44,240	87,971	88,317	346	0.39%
Total Costs	\$471,048	\$480,148	\$469,943	\$470,668	\$951,196	\$940,611	(\$10,585)	(1.11%)
General Fund	471,048	480,148	469,943	470,668	951,196	940,611	(10,585)	(1.11%)
Total Funds	\$471,048	\$480,148	\$469,943	\$470,668	\$951,196	\$940,611	(\$10,585)	(1.11%)

Program Description

The Office of Clerk of the Supreme Court Program, pursuant to Title 3, Chapter 2, part 4, conducts the business of the court, and serves as the liaison between the public, attorneys, and the Supreme Court. By statutory authority, the clerk controls the docket and filings, manages the appellate process, and is the custodian of all legal records for the public and the court. Additionally, the clerk administers appellate mediation, maintains the official roll of Montana attorneys, and is responsible for licensing Montana's attorneys.

Program Highlights

Clerk of Court Major Budget Highlights	
•	The only change to the budget was for statewide present law adjustments

Funding

This program is funded entirely with general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	471,048	471,048	942,096	100.16%	471,048	471,048	942,096	100.16%
Statewide PL Adjustments	5,283	6,020	11,303	1.20%	5,283	6,020	11,303	1.20%
Other PL Adjustments	(6,388)	(6,400)	(12,788)	(1.36%)	(6,388)	(6,400)	(12,788)	(1.36%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$469,943	\$470,668	\$940,611		\$469,943	\$470,668	\$940,611	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	Fiscal 2014					Fiscal 2015			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Personal Services					5,103				5,677
Inflation/Deflation					180				343
Total Statewide Present Law Adjustments		\$5,283	\$0	\$0	\$5,283		\$6,020	\$0	\$6,020
DP 50 - Initial Motion to FY 2012 Base	0.00	(5,283)	0	0	(5,283)	0.00	(6,020)	0	(6,020)
DP 51 - Adjustment for Statewide Personal Services	0.00	(1,285)	0	0	(1,285)	0.00	(723)	0	(723)
DP 52 - Adjustment for Statewide Operations	0.00	180	0	0	180	0.00	343	0	343
Total Other Present Law Adjustments	0.00	(\$6,388)	\$0	\$0	(\$6,388)	0.00	(\$6,400)	\$0	(\$6,400)
Grand Total All Present Law Adjustments	0.00	(\$1,105)	\$0	\$0	(\$1,105)	0.00	(\$380)	\$0	(\$380)

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services, with a 2% vacancy savings applied to all non-elected positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	17.50	17.50	17.50	17.50	17.50	17.50	0.00	0.00%
Personal Services	1,057,693	1,085,513	1,173,491	1,173,475	2,143,206	2,346,966	203,760	9.51%
Operating Expenses	790,837	748,052	791,506	789,953	1,538,889	1,581,459	42,570	2.77%
Equipment & Intangible Assets	12,779	13,042	12,779	12,779	25,821	25,558	(263)	(1.02%)
Grants	5,930,638	11,389,002	5,930,638	5,930,638	17,319,640	11,861,276	(5,458,364)	(31.52%)
Transfers	637,956	1,724,475	637,956	637,956	2,362,431	1,275,912	(1,086,519)	(45.99%)
Total Costs	\$8,429,903	\$14,960,084	\$8,546,370	\$8,544,801	\$23,389,987	\$17,091,171	(\$6,298,816)	(26.93%)
General Fund	2,261,059	2,263,250	2,343,618	2,342,690	4,524,309	4,686,308	161,999	3.58%
State Special	151,364	333,199	152,173	152,165	484,563	304,338	(180,225)	(37.19%)
Federal Special	6,017,480	12,363,635	6,050,579	6,049,946	18,381,115	12,100,525	(6,280,590)	(34.17%)
Total Funds	\$8,429,903	\$14,960,084	\$8,546,370	\$8,544,801	\$23,389,987	\$17,091,171	(\$6,298,816)	(26.93%)

Agency Description

Mission Statement: To pro-actively contribute to public safety, crime prevention, and victim assistance with planning, policy development, and coordination of the justice systems in partnership with citizens, government, and communities.

The Montana Board of Crime Control (MBCC) was established to promote public safety by strengthening the coordination and performance of the criminal and juvenile justice systems. The MBCC is an 18-member board appointed by the Governor. The MBCC supervises the Crime Control Division (CCD), which provides financial support, technical assistance, and support services to state and local criminal justice agencies. The CCD administers a number of federal grants including anti-drug, anti-crime, victim assistance, and juvenile justice programs. The MBCC administers contracts with regional juvenile detention centers that are supported by state general fund and the misdemeanor domestic violence program supported by state special revenue. The MBCC also collects and analyzes crime data from Montana's law enforcement agencies and publishes the annual "Crime in Montana" report. MBCC is established in 2-15-2006, MCA.

The MBCC has one advisory council, the Youth Justice Council (YJC). YJC develops and implements the state's juvenile justice plan and recommends educational, training, research, prevention, diversion, treatment and rehabilitation programs.

Agency Highlights

Crime Control Division Major Budget Highlights	
♦	The legislature approved a present law budget
♦	Due to the number of FTE in the agency, it has no vacancy savings applied

Summary of Legislative Action

The legislature approved a present law budget, with the overall reduction being the result of the legislature not funding a requested 1.00 FTE position and adjusting fixed costs. Compared to the 2013 biennium, the 2015 biennium budget is \$6.3 million lower in federal funds due to carrying forward into FY 2013 grants that were not expended in the base and that were not funding in the 2015 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	17.50	18.50	17.50	(1.00)	18.50	17.50	(1.00)	
Personal Services	1,057,693	1,232,540	1,173,491	(59,049)	1,232,438	1,173,475	(58,963)	(118,012)
Operating Expenses	790,837	795,419	791,506	(3,913)	794,014	789,953	(4,061)	(7,974)
Equipment & Intangible Assets	12,779	12,779	12,779	0	12,779	12,779	0	0
Grants	5,930,638	5,930,638	5,930,638	0	5,930,638	5,930,638	0	0
Transfers	637,956	637,956	637,956	0	637,956	637,956	0	0
Total Costs	\$8,429,903	\$8,609,332	\$8,546,370	(\$62,962)	\$8,607,825	\$8,544,801	(\$63,024)	(\$125,986)
General Fund	2,261,059	2,388,659	2,343,618	(45,041)	2,387,774	2,342,690	(45,084)	(90,125)
State/Other Special	151,364	152,617	152,173	(444)	152,609	152,165	(444)	(888)
Federal Special	6,017,480	6,068,056	6,050,579	(17,477)	6,067,442	6,049,946	(17,496)	(34,973)
Total Funds	\$8,429,903	\$8,609,332	\$8,546,370	(\$62,962)	\$8,607,825	\$8,544,801	(\$63,024)	(\$125,986)

The legislative budget is about \$126,000 lower than the executive request because the legislature did not approve a request to fund the addition of 1.00 FTE to expand financial monitoring of grant projects and changed fixed costs associated with insurance and the State Accounting, Budgeting, and Human Resources System (SABHRS).

Funding

The following table shows funding, by source for the 2015 biennium as approved by the legislature.

Total Crime Control Division Funding by Source of Authority 2015 Biennium Budget - Justice System Support Service							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$4,686,308	\$0	\$0	\$4,686,308	27.4%		
State Special Total	\$304,338	\$0	\$0	\$304,338	1.8%		
02768 Dom Violence Intervention - Hb 47	\$304,338	\$0	\$0	\$304,338	1.8%		
Federal Special Total	\$12,100,525	\$0	\$0	\$12,100,525	70.8%		
03008 Juvenile Justice Council	\$1,222,773	\$0	\$0	\$1,222,773	7.2%		
03009 Juvenile Accountability	\$615,970	\$0	\$0	\$615,970	3.6%		
03081 Ovw Sexual Assault Services	\$520,012	\$0	\$0	\$520,012	3.0%		
03090 P Coverdell Forensic Science	\$200,000	\$0	\$0	\$200,000	1.2%		
03093 Title V Delinquency Intervention	\$25,000	\$0	\$0	\$25,000	0.1%		
03111 Rsat Residential Substance Abuse	\$177,614	\$0	\$0	\$177,614	1.0%		
03186 Project Safe Neighborhood	\$300,043	\$0	\$0	\$300,043	1.8%		
03188 Justice Assistance Grants	\$2,874,840	\$0	\$0	\$2,874,840	16.8%		
03192 Crime Victim Assistance	\$3,574,377	\$0	\$0	\$3,574,377	20.9%		
03201 Justice System Enhancements	\$179,970	\$0	\$0	\$179,970	1.1%		
03343 Criminal History Record Improv	\$400,000	\$0	\$0	\$400,000	2.3%		
03344 Violence Against Women Act	\$1,899,996	\$0	\$0	\$1,899,996	11.1%		
03962 Enf. Underage Drinking Laws	\$109,930	\$0	\$0	\$109,930	0.6%		
Total All Funds	\$17,091,171	\$0	\$0	\$17,091,171	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

General fund supports agency operations and grants to regional juvenile detention centers. Agency operations receives most of its support from the general fund, with the balance funded primarily with federal funds. State special revenue for the misdemeanor domestic violence intervention program is administered by this agency. Federal funds administered by the agency come from various federal grants with the majority of these being pass-through funds that go to state and local agencies and not-for profit providers. A small portion of the federal funds support agency operations.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,261,059	2,261,059	4,522,118	96.50%	8,429,903	8,429,903	16,859,806	98.65%
Statewide PL Adjustments	82,309	81,437	163,746	3.49%	116,115	114,625	230,740	1.35%
Other PL Adjustments	250	194	444	0.01%	352	273	625	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$2,343,618	\$2,342,690	\$4,686,308		\$8,546,370	\$8,544,801	\$17,091,171	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					115,798					115,782
Inflation/Deflation					(347)					(143)
Fixed Costs					664					(1,014)
Total Statewide Present Law Adjustments										
		\$82,309	\$807	\$32,999	\$116,115		\$81,437	\$799	\$32,389	\$114,625
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(82,309)	(807)	(32,999)	(116,115)	0.00	(81,437)	(799)	(32,389)	(114,625)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	82,084	805	32,909	115,798	0.00	82,259	807	32,716	115,782
DP 52 - Adjustment for Statewide Operations										
	0.00	475	4	190	669	0.00	(628)	(6)	(250)	(884)
Total Other Present Law Adjustments										
	0.00	\$250	\$2	\$100	\$352	0.00	\$194	\$2	\$77	\$273
Grand Total All Present Law Adjustments										
	0.00	\$82,559	\$809	\$33,099	\$116,467	0.00	\$81,631	\$801	\$32,466	\$114,898

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Language and Statutory Authority

The legislature included the following language in HB 2.

"All pass-through grant authority is biennial."

"All remaining pass-through grant appropriations, up to \$100,000 in general fund money, \$180,000 in state special revenue, and \$7 million in federal funds, including reversions, for the 2013 biennium are authorized to continue and are appropriated in fiscal year 2014 and fiscal year 2015."

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	754.85	754.85	772.85	772.85	754.85	772.85	18.00	2.38%
Estimated Impact of HB 2*			(16.43)	(16.43)		(16.43)	(16.43)	
Net Estimated FTE*			756.42	756.42		756.42	(1.57)	
Personal Services	46,742,854	50,296,036	52,092,948	52,157,256	97,038,890	104,250,204	7,211,314	7.43%
Operating Expenses	26,076,259	24,686,726	30,064,434	30,347,510	50,762,985	60,411,944	9,648,959	19.01%
Equipment & Intangible Assets	2,284,825	1,995,547	2,541,150	2,405,325	4,280,372	4,946,475	666,103	15.56%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	824,712	1,011,704	824,712	824,712	1,836,416	1,649,424	(186,992)	(10.18%)
Transfers	11,295	11,295	11,295	11,295	22,590	22,590	0	0.00%
Debt Service	331,089	4,021,659	726,796	726,796	4,352,748	1,453,592	(2,899,156)	(66.61%)
Total Costs	\$76,271,034	\$82,022,967	\$86,261,335	\$86,472,894	\$158,294,001	\$172,734,229	\$14,440,228	9.12%
General Fund	26,416,233	26,315,728	29,918,271	29,924,611	52,731,961	59,842,882	7,110,921	13.49%
State Special	46,978,839	52,273,582	53,469,674	53,668,593	99,252,421	107,138,267	7,885,846	7.95%
Federal Special	1,119,209	1,493,495	1,102,415	1,102,408	2,612,704	2,204,823	(407,881)	(15.61%)
Other	1,756,753	1,940,162	1,770,975	1,777,282	3,696,915	3,548,257	(148,658)	(4.02%)
Total Funds	\$76,271,034	\$82,022,967	\$86,261,335	\$86,472,894	\$158,294,001	\$172,734,229	\$14,440,228	9.12%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

The Department of Justice, under the direction of the Attorney General, is responsible for statewide legal services and counsel, law enforcement, and public safety. The department:

- Provides legal representation for the state and its political subdivisions in criminal appeals
- Provides legal services and counsel for the state, county, and municipal agencies and their officials
- Enforces Montana traffic laws and registers all motor vehicles
- Enforces state fire safety codes and regulations
- Assists local law enforcement agencies in bringing offenders to justice
- Provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement
- Manages a statewide system of death investigations
- Provides scientific analyses of specimens submitted by law enforcement officials, coroners, and state agencies
- Maintains and disseminates criminal justice information to authorized state, local, and other entities
- Provides uniform regulation of all gambling activities in the state of Montana
- Enforces consumer protection laws and regulations relating to unfair and deceptive business practices
- Assists Montana consumers in making sound decisions by providing public outreach
- Provides statewide leadership on issues related to victims of crime and administers the Crime Victims Compensation program

Agency Highlights

Department of Justice Major Budget Highlights	
♦	The 2015 biennium budget is \$14.4 million or 9.1% higher than the 2013 biennium
♦	Significant items contributing to the budget growth are: <ul style="list-style-type: none"> ▪ Statewide present law adjustments, \$9.4 million • Purchase of license plates for the statutory rolling reissue, \$2.6 million ▪ Major litigation of the water rights claim between Montana and Wyoming, \$2.0 million ▪ Highway patrol officers to assignment in the Bakken energy development area of eastern Montana, \$1.4 million
♦	Funding for 18.0 FTE was added for: <ul style="list-style-type: none"> ▪ One trainer at the Montana Law Enforcement Academy ▪ Two attorneys to support the Child Sexual Predator and Drug Diversion Program • Five highway patrol officers for the Bakken area • One paralegal to make legal case information available on the department's internet site • One child and family ombudsman • Four commercial driver license technicians • One business process analyst to support MERLIN • One investigator to monitor compliance of the Sexual and Violent Offender Registry Program • One investigator to investigate claims of abuse at residential facilities • One forensic scientist to test for synthetic drugs at the state crime lab

Summary of Legislative Action

Except for new programs requested by the newly elected attorney general the legislative budget primarily funds present law. The legislative budget provides funding for increased public safety presence in the energy development area of the state by adding highway patrol officers to be placed in that region. The budget also funds initiatives to increase transparency of the department's legal decisions and cases and to improve Motor Vehicle Division transparency and business interactions with the public. A forensic scientist was added to the state crime laboratory to address increased workloads resulting from growth in synthetic drug presence.

The legislative budget is \$7.1 million or 13.5% general fund and \$14.4 million or 9.1% total funds higher than current biennium. Funding increases are for:

- Statewide present law adjustments
- Continuation of the child sexual predator and drug diversion program that the previous legislature funded in FY 2013
- Salary increases for highway patrol officer

Boilerplate

The boilerplate section in HB 2 includes the following language:

"It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings

amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 16.43 FTE for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$59,842,882	\$0	\$9,136,482	\$68,979,364	36.2%
State Special Total	107,138,267	-	5,092,280	112,230,547	58.9%
Federal Special Total	2,204,823	-	328,400	2,533,223	1.3%
Proprietary Total	3,548,257	3,140,358	-	6,688,615	3.5%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$172,734,229</u>	<u>\$3,140,358</u>	<u>\$14,557,162</u>	<u>\$190,431,749</u>	
Percent - Total All Sources	90.7%	1.6%	7.6%		

Funding for the department varies by division and function. General fund supports the Legal Services Division, 92%; Motor Vehicle Division, 42%; Division of Criminal Investigation, 62%; Central Services Division, 33%; Information Technology Division, 96%; and Forensic Science Division, 92%. The highways state special revenue account supports a number of programs where highway safety is impacted. Highways state special revenue provides significant portions of the funding for the Motor Vehicle Division, Highway Patrol Division, and Central Services Division. State special revenue from consumer settlement proceeds supports the Office of Consumer Protection, gambling license fees support Gambling Control, and motor vehicle fees support the debt payment for the development and implementation of a computer system. Federal funds combined with general fund support Medicaid fraud investigation and the Child Protection Unit within the Legal Division. Proprietary funds support liquor licensing functions and legal services provided under contract to other agencies.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	26,416,233	26,416,233	52,832,466	88.29%	76,271,034	76,271,034	152,542,068	88.31%
Statewide PL Adjustments	1,895,897	1,910,904	3,806,801	6.36%	4,080,248	4,163,235	8,243,483	4.77%
Other PL Adjustments	542,091	558,968	1,101,059	1.84%	4,350,821	4,794,968	9,145,789	5.29%
New Proposals	1,064,050	1,038,506	2,102,556	3.51%	1,559,232	1,243,657	2,802,889	1.62%
Total Budget	\$29,918,271	\$29,924,611	\$59,842,882		\$86,261,335	\$86,472,894	\$172,734,229	

Other Legislation

HB 5 - This bill appropriates funds for capital construction projects. It included funding for construction of the Butte Justice Center. When constructed, the center will house operations of the department and the Butte-Silver Bow local government. Other than funding for construction of the center no other operating and maintenance costs are expected in the 2015 biennium, but are for the 2017 biennium.

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 168 - This bill provided a legal limit for a person's blood level of delta-9-tetrahydrocannabinol in order to be charged with driving under the influence. The fiscal note for HB 168 assumes a one-time \$4,400 cost would be incurred in FY 2014 to reconfigure computer code in the statewide database to generate license suspension letters and reports. No funding was provided in HB 2 for these costs.

HB 297 - This bill makes it unlawful to employ unauthorized aliens. The fiscal note for HB 297 assumes a biennium cost for the department of nearly \$358,000 to investigate complaints and hold hearings. No funding was provided in HB 2 for these costs.

HB 498 - This bill revised expiration dates for state identification cards. The fiscal note for HB 498 assumes a one-time \$2,200 cost would be incurred in FY 2014 to reconfigure computer code in the driver's license system. No funding was provided in HB 2 for these costs.

HB 566 - This bill created a next-of-kin special license plate for certain family members of deceased military personnel. The fiscal note for HB 566 assumes a one-time \$1,100 cost would be incurred in FY 2014 to reconfigure computer code in the statewide database. No funding was provided in HB 2 for these costs.

HB 607 - This bill adds an optional service to expedite electronic vehicle title, lien filings, and registrations for a fee. The fiscal note for HB 607 assumes a one-time \$1,320 cost would be incurred in FY 2014 to reconfigure computer code in MERLIN to add a new fee type. No funding was provided in HB 2 for these costs.

SB 213 - This bill requires certain sex offenders to provide a DNA sample for entry into the Montana DNA database. The fiscal note for SB 213 assumes a biennium cost for the department of \$5,000 to process additional DNA samples expected under the bill. No funding was provided in HB 2 for these costs.

SB 275 - This bill provides a veteran designation on state driver's licenses and identification cards. The fiscal note for SB 275 assumes a one-time \$65,500 cost would be incurred in FY 2014 to modify driver licenses and identification cards and reconfigure computer code in the statewide database. No funding was provided in HB 2 for these costs.

SB 351 - This bill provides requirements for conducting criminal background checks for residents in homes where a potential emergency placement may be made. The fiscal note for SB 351 assumes a one-time \$8,250 cost would be incurred in FY 2014 to reconfigure computer code in the statewide database. No funding was provided in HB 2 for these costs.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	754.85	763.85	772.85	9.00	763.85	772.85	9.00	
Estimated Impact of HB 2*			(16.43)	(16.43)		(16.43)	(16.43)	
Net Estimated FTE*			756.42	(7.43)		756.42	(7.43)	
Personal Services	46,742,854	52,020,186	52,092,948	72,762	52,085,689	52,157,256	71,567	144,329
Operating Expenses	26,076,259	29,579,856	30,064,434	484,578	30,016,226	30,347,510	331,284	815,862
Equipment & Intangible Assets	2,284,825	2,460,325	2,541,150	80,825	2,460,325	2,405,325	(55,000)	25,825
Grants	0	0	0	0	0	0	0	0
Benefits & Claims	824,712	824,712	824,712	0	824,712	824,712	0	0
Transfers	11,295	11,295	11,295	0	11,295	11,295	0	0
Debt Service	331,089	726,796	726,796	0	726,796	726,796	0	0
Total Costs	\$76,271,034	\$85,623,170	\$86,261,335	\$638,165	\$86,125,043	\$86,472,894	\$347,851	\$986,016
General Fund	26,416,233	29,810,309	29,918,271	107,962	29,822,290	29,924,611	102,321	210,283
State/Other Special	46,978,839	52,934,978	53,469,674	534,696	53,423,364	53,668,593	245,229	779,925
Federal Special	1,119,209	1,102,415	1,102,415	0	1,102,408	1,102,408	0	0
Proprietary	1,756,753	1,775,468	1,770,975	(4,493)	1,776,981	1,777,282	301	(4,192)
Total Funds	\$76,271,034	\$85,623,170	\$86,261,335	\$638,165	\$86,125,043	\$86,472,894	\$347,851	\$986,016

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget is \$348,000 higher than the executive budget. The difference is due to the net effect of reductions to the executive request and offsetting increases to approved requests of the newly elected attorney general. The effect of the legislative actions was to increase general fund by \$102,000 and increase state special by \$245,000.

The following executive requests were not funded or were reduced from the requested amount:

- Base supplies for the Montana Highway was reduced by nearly \$1.4 million
- Base funding for major litigation contracts was reduced by \$1.0 million
- A funding request for the Motor Vehicle Division for commercial drivers' license medical certification programs was not funded

The following requests of the newly elected attorney general that were not included in the executive budget were funded:

- Restricted funding for the water rights litigation between Montana and Wyoming, \$2.0 million
- Five highway patrol officers for the energy development impacted areas of the state, \$1.4 million
- One business development specialist to improve transparency and business interactions in the Motor Vehicle Division, \$0.6 million
- One forensic scientist for synthetic drug testing at the state crime laboratory, \$0.2 million
- One paralegal to provide legal case information and make the department more transparent to the public, \$0.1 million

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	53.00	53.00	57.00	57.00	53.00	57.00	4.00	7.55%
Personal Services	3,938,715	4,069,498	4,480,874	4,487,913	8,008,213	8,968,787	960,574	11.99%
Operating Expenses	1,737,888	1,044,518	2,465,325	2,448,356	2,782,406	4,913,681	2,131,275	76.60%
Benefits & Claims	824,712	934,654	824,712	824,712	1,759,366	1,649,424	(109,942)	(6.25%)
Total Costs	\$6,501,315	\$6,048,670	\$7,770,911	\$7,760,981	\$12,549,985	\$15,531,892	\$2,981,907	23.76%
General Fund	5,913,418	5,216,042	7,168,502	7,158,578	11,129,460	14,327,080	3,197,620	28.73%
State Special	193,655	209,587	189,998	189,998	403,242	379,996	(23,246)	(5.76%)
Federal Special	394,242	623,041	412,411	412,405	1,017,283	824,816	(192,467)	(18.92%)
Total Funds	\$6,501,315	\$6,048,670	\$7,770,911	\$7,760,981	\$12,549,985	\$15,531,892	\$2,981,907	23.76%

Program Description

The Legal Services Division (LSD) provides: legal research and analysis for the Attorney General; legal counsel for state government officials, bureaus, and boards; legal assistance to local governments and Indian tribes; legal assistance, training, and support for county prosecutors; and assistance to victims of crime, including compensation payments.

The Prosecution Services Bureau assists local county attorneys by providing training and by assisting in the prosecution of complex criminal cases, particularly homicide cases. It also prosecutes cases where the county attorney has a conflict of interest; prosecutes drug cases and workers' compensation and Medicaid fraud cases; and investigates complaints against county attorneys.

The Appellate Services Bureau handles appeals of criminal matters, including death penalty cases, and represents the state in federal court when constitutional challenges are made to a criminal conviction.

The Civil Services Bureau defends the state in constitutional challenges and coordinates appeals of civil cases that involve the state. This bureau also provides legal assistance to state and local governments on matters involving Indian jurisdiction and federal reserved water rights.

The Child Protection Unit handles child abuse and neglect cases around Montana. The unit has offices in Bozeman, Billings, Great Falls, and Miles City and focuses on resolving the legal status of children who have been in foster care for more than 15 out of the most recent 22 months.

The Office of Victim Services (OVS) works to elevate the status of victims and their rights and responds to the needs of crime victims in Montana. It serves as a central reference point for victims of crime, administers the Crime Victim Compensation Program and the Forensic Rape Examination Payment Program, and offers information and referral services. OVS staffs the Domestic Violence Fatality Review Commission and provides training and information for those who work with victims, including law enforcement, victim advocates, probation and parole workers, and local community organizations.

Program Highlights

Legal Services Division Major Budget Highlights	
♦	The budget for the 2015 biennium is nearly \$3.0 million or 23.8% higher than the 2013 biennium due to:
▪	Funding for major litigation in the water rights case between Montana and Wyoming
•	Statewide present law adjustments
•	Funding to add 4.00 FTE, including 2.00 FTE lawyers to support the Child Sexual Predator and Drug Diversion Program, 1.00 FTE paralegal to provide case information on the agency's website, and 1.00 FTE child and family ombudsman

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Legal Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$14,327,080	\$0	\$0	\$14,327,080	85.2%		
State Special Total	\$379,996	\$0	\$1,276,280	\$1,656,276	9.9%		
02106 Crime Victims Compensation	\$0	\$0	\$1,276,280	\$1,276,280	7.6%	53-9-113	Direct
02937 Justice State Special Misc	\$379,996	\$0	\$0	\$379,996	2.3%		
Federal Special Total	\$824,816	\$0	\$0	\$824,816	4.9%		
03169 Federal Crime Victims Benefits	\$479,188	\$0	\$0	\$479,188	2.9%		
03801 Dept Of Justice-misc Grants	\$345,628	\$0	\$0	\$345,628	2.1%		
Total All Funds	\$15,531,892	\$0	\$1,276,280	\$16,808,172	100.0%		
Percent - Total All Sources	92.4%	0.0%	7.6%				

The division receives the majority of its funding from the general fund. Each of the various functions within the division has a unique funding source. Attorneys are supported primarily by general fund, but a small portion is funded with state special revenue from fees charged for services provided under contracts. The cost of major litigation is supported entirely by the general fund. Funding for assistance to crime victims comes from the general fund and federal grants.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,913,418	5,913,418	11,826,836	82.55%	6,501,315	6,501,315	13,002,630	83.72%
Statewide PL Adjustments	350,947	356,549	707,496	4.94%	365,459	371,055	736,514	4.74%
Other PL Adjustments	1,291	1,302	2,593	0.02%	1,291	1,302	2,593	0.02%
New Proposals	902,846	887,309	1,790,155	12.49%	902,846	887,309	1,790,155	11.53%
Total Budget	\$7,168,502	\$7,158,578	\$14,327,080		\$7,770,911	\$7,760,981	\$15,531,892	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Personal Services					396,564				404,311
Vacancy Savings					(167,684)				(167,993)
Inflation/Deflation					(1,585)				(446)
Fixed Costs					138,164				135,183
Total Statewide Present Law Adjustments									
		\$350,947	(\$3,657)	\$18,169	\$365,459		\$356,549	(\$3,657)	\$371,055
DP 50 - Initial Motion to FY 2012 Base									
	0.00	(350,947)	3,657	(18,169)	(365,459)	0.00	(356,549)	3,657	(371,055)
DP 51 - Adjustment for Statewide Personal Services									
	0.00	212,609	(1,901)	18,172	228,880	0.00	220,149	(1,960)	236,318
DP 52 - Adjustment for Statewide Operations									
	0.00	139,629	(1,756)	(3)	137,870	0.00	137,702	(1,697)	136,039
Total Other Present Law Adjustments									
	0.00	\$1,291	\$0	\$0	\$1,291	0.00	\$1,302	\$0	\$1,302
Grand Total All Present Law Adjustments									
	0.00	\$352,238	(\$3,657)	\$18,169	\$366,750	0.00	\$357,851	(\$3,657)	\$372,357

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 101 - LSD Child Sexual Predator and Drug Diversion										
01	2.00	204,817	0	0	204,817	2.00	193,250	0	0	193,250
DP 104 - Technology Upgrades - Transparency										
01	1.00	73,029	0	0	73,029	1.00	69,059	0	0	69,059
DP 110 - Reduction For Selected Contracts										
01	0.00	(500,000)	0	0	(500,000)	0.00	(500,000)	0	0	(500,000)
DP 112 - Child and Family Ombudsman - HB 76										
01	1.00	125,000	0	0	125,000	1.00	125,000	0	0	125,000
DP 113 - Major Litigation - Montana v. Wyoming Water										
01	0.00	1,000,000	0	0	1,000,000	0.00	1,000,000	0	0	1,000,000
Total	4.00	\$902,846	\$0	\$0	\$902,846	4.00	\$887,309	\$0	\$0	\$887,309

DP 101 - LSD Child Sexual Predator and Drug Diversion - The legislature approved funding for personal services and operating costs to add 2.00 FTE attorneys to work exclusively with the Child Sexual Predator and Drug Diversion Program.

DP 104 - Technology Upgrades - Transparency - The legislature approved funding for personal services and operating expenses to add 1.00 FTE paralegal to provide case information on the agency's website and facilitate movement of legal documents to electronic discovery and filing.

DP 110 - Reduction For Selected Contracts - The legislature reduced funding for base year expenditures on selected contracts.

DP 112 - Child and Family Ombudsman - HB 76 - The legislature approved funding for operating costs and personal services to add 1.00 FTE to function as a child and family ombudsman. The funding was designated as biennial and made contingent upon HB 76 being passed and approved. HB 76 has become law. The general fund budget for the Department of Public Health and Human Services was reduced by a like amount.

DP 113 - Major Litigation - Montana v. Wyoming Water - The legislature approved funding for major litigation. The funding is designated as restricted, biennial, and one-time-only. It is restricted for litigation of the water case between Montana and Wyoming.

Language and Statutory Authority

The legislature included the following language in HB 2:

"If House Bill No. 76 is not passed and approved, Child and Family Ombudsman is void."

HB 76 has become law.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	9.00	9.00	9.00	9.00	9.00	9.00	0.00	0.00%
Personal Services	616,245	574,853	574,095	577,255	1,191,098	1,151,350	(39,748)	(3.34%)
Operating Expenses	284,974	247,906	292,981	293,709	532,880	586,690	53,810	10.10%
Grants	0	0	0	0	0	0	0	n/a
Benefits & Claims	0	77,050	0	0	77,050	0	(77,050)	(100.00%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$901,219	\$899,809	\$867,076	\$870,964	\$1,801,028	\$1,738,040	(\$62,988)	(3.50%)
State Special	901,219	899,809	867,076	870,964	1,801,028	1,738,040	(62,988)	(3.50%)
Total Funds	\$901,219	\$899,809	\$867,076	\$870,964	\$1,801,028	\$1,738,040	(\$62,988)	(3.50%)

Program Description

The Office of Consumer Protection (OCP) responds to consumer complaints and enforces Montana's consumer protection laws and regulations relating to unfair and deceptive business practices including: "Bait and switch," false claims, changing a contract after a sale, abusive arbitration, debt collection misconduct, door-to-door sales, telemarketing, including administering Montana's do-not-call list, car and truck sales and repair, including the New Vehicle Warranty Act (or Lemon Law) violations, and antitrust issues, including price fixing, monopoly abuse, and restraint of trade.

OCP assists victims of identity theft and administers the state's Security Freeze Program. It provides extensive public education about consumer and telemarketing fraud and identity theft to Montana consumer groups, senior citizen organizations, law enforcement agencies, and businesses.

Program Highlights

Office of Consumer Protection Major Budget Highlights	
♦ The legislature approved a present law budget for this office	

Funding

The program is funded entirely with state special revenue from the settlement of consumer protection litigation.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	901,219	901,219	1,802,438	103.71%
Statewide PL Adjustments	0	0	0	0.00%	(34,338)	(30,452)	(64,790)	(3.73%)
Other PL Adjustments	0	0	0	0.00%	195	197	392	0.02%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$867,076	\$870,964	\$1,738,040	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(18,230)					(14,937)
Vacancy Savings					(23,920)					(24,053)
Inflation/Deflation					217					440
Fixed Costs					7,595					8,098
Total Statewide Present Law Adjustments		\$0	(\$34,338)	\$0	(\$34,338)		\$0	(\$30,452)	\$0	(\$30,452)
DP 50 - Initial Motion to FY 2012 Base	0.00	0	34,338	0	34,338	0.00	0	30,452	0	30,452
DP 51 - Adjustment for Statewide Personal Services	0.00	0	(42,150)	0	(42,150)	0.00	0	(38,990)	0	(38,990)
DP 52 - Adjustment for Statewide Operations	0.00	0	8,007	0	8,007	0.00	0	8,735	0	8,735
Total Other Present Law Adjustments		0.00	\$0	\$195	\$0	\$195	0.00	\$0	\$197	\$0
Grand Total All Present Law Adjustments		0.00	\$0	(\$34,143)	\$0	(\$34,143)	0.00	\$0	(\$30,255)	\$0

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Program Highlights

Agency Legal Services Major Budget Highlights	
◆	The legislature approved a \$2.50 per hour rate increase for attorneys and investigators

Proprietary Rates

Agency Legal Services – Fund 06500

Proprietary Program Description

The Agency Legal Services Bureau (ALS) provides legal, hearing examiner, and investigative services to state agency clients on a contract basis. ALS attorneys and investigators bill clients for their services, case-related, and incidental costs. The division consists of 17.00 FTE funded from the revenues generated. The customers served are state agencies, boards, and commissions that have entered into contracts with ALS.

Expenses

The primary costs for the division are personal services and operating costs. Factors that influence costs include the state pay plan, the ability to recruit and retain staff, and general inflationary pressures that increase costs for items such as utilities, rent, supplies, and equipment.

Revenues

Revenues are generated by fees charged to this and other state agencies for services provided.

Proprietary Rates

The legislature approved the following rates for the 2015 biennium:

- Attorney, \$95.50 per hour
- Investigator, \$55.50 per hour

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge. Proprietary rates are listed in Section R of HB 2.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	47.00	47.00	47.00	47.00	47.00	47.00	0.00	0.00%
Personal Services	2,887,456	3,164,353	3,116,469	3,119,928	6,051,809	6,236,397	184,588	3.05%
Operating Expenses	728,559	825,909	744,088	750,036	1,554,468	1,494,124	(60,344)	(3.88%)
Equipment & Intangible Assets	82,860	79,900	82,860	82,860	162,760	165,720	2,960	1.82%
Debt Service	0	960	0	0	960	0	(960)	(100.00%)
Total Costs	\$3,698,875	\$4,071,122	\$3,943,417	\$3,952,824	\$7,769,997	\$7,896,241	\$126,244	1.62%
State Special	2,590,037	2,798,072	2,799,826	2,806,505	5,388,109	5,606,331	218,222	4.05%
Other	1,108,838	1,273,050	1,143,591	1,146,319	2,381,888	2,289,910	(91,978)	(3.86%)
Total Funds	\$3,698,875	\$4,071,122	\$3,943,417	\$3,952,824	\$7,769,997	\$7,896,241	\$126,244	1.62%

Program Description

The Gambling Control Division (GCD) was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division collects the gambling tax assessed on the net proceeds of gambling activities. It conducts investigations related to alcoholic beverage licensing and tobacco enforcement. An appointed Gaming Advisory Council of nine members advises the Attorney General to ensure uniform statewide regulation of gambling activities. The Gambling Control Program is mandated by state law.

Program Highlights

**Gambling Control Division
Major Budget Highlights**

- ◆ The legislature approved a present law budget for this division

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Gambling Control Division							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$5,606,331	\$0	\$3,566,000	\$9,172,331	80.0%		
02074 Gambling License Fee Account	\$5,369,443	\$0	\$3,566,000	\$8,935,443	78.0%	23-5-612	Direct
02790 6901-statewide Tobacco Sttlmnt	\$236,888	\$0	\$0	\$236,888	2.1%		
Proprietary Total	\$2,289,910	\$0	\$0	\$2,289,910	20.0%		
06005 Liquor Division	\$2,289,910	\$0	\$0	\$2,289,910	20.0%		
Total All Funds	\$7,896,241	\$0	\$3,566,000	\$11,462,241	100.0%		
Percent - Total All Sources	68.9%	0.0%	31.1%				

Gambling control activities are supported primarily by state special revenue generated from gambling licensing fees. Liquor licensing fees (a proprietary fund) support division functions related to liquor licensing. A small amount of funds from the tobacco settlement state special revenue account support activities related to enforcement of settlement provisions.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,698,875	3,698,875	7,397,750	93.69%
Statewide PL Adjustments	0	0	0	0.00%	219,949	226,688	446,637	5.66%
Other PL Adjustments	0	0	0	0.00%	24,593	27,261	51,854	0.66%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$3,943,417	\$3,952,824	\$7,896,241	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				346,365					349,967	
Vacancy Savings				(129,352)					(129,495)	
Inflation/Deflation				(3,273)					(1,840)	
Fixed Costs				6,209					8,056	
Total Statewide Present Law Adjustments										
	\$0	\$192,328	\$0	\$219,949*		\$0	\$197,113	\$0	\$226,688*	
DP 50 - Initial Motion to FY 2012 Base										
	0.00	0	(192,328)	0	(219,949)*	0.00	0	(197,113)	0	(226,688)*
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	189,761	0	217,013*	0.00	0	191,708	0	220,472*
DP 52 - Adjustment for Statewide Operations										
	0.00	0	3,300	0	3,968*	0.00	0	6,140	0	7,252*
DP 701 - GCD Base Adjustments										
	0.00	0	16,728	0	23,561*	0.00	0	18,620	0	26,225*
Total Other Present Law Adjustments										
	0.00	\$0	\$17,461	\$0	\$24,593*	0.00	\$0	\$19,355	\$0	\$27,261*
Grand Total All Present Law Adjustments										
	0.00	\$0	\$209,789	\$0	\$244,542*	0.00	\$0	\$216,468	\$0	\$253,949*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 701 - GCD Base Adjustments - The legislature approved funding for office rent and overtime.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	153.75	153.75	158.75	158.75	153.75	158.75	5.00	3.25%
Personal Services	6,175,229	6,411,398	6,279,075	6,282,726	12,586,627	12,561,801	(24,826)	(0.20%)
Operating Expenses	8,858,544	10,003,181	11,688,361	12,139,828	18,861,725	23,828,189	4,966,464	26.33%
Equipment & Intangible Assets	43,528	37,269	114,028	114,028	80,797	228,056	147,259	182.26%
Debt Service	266,700	3,956,310	616,700	616,700	4,223,010	1,233,400	(2,989,610)	(70.79%)
Total Costs	\$15,344,001	\$20,408,158	\$18,698,164	\$19,153,282	\$35,752,159	\$37,851,446	\$2,099,287	5.87%
General Fund	7,507,520	7,511,729	7,978,597	7,997,520	15,019,249	15,976,117	956,868	6.37%
State Special	7,245,222	12,281,714	10,133,100	10,564,503	19,526,936	20,697,603	1,170,667	6.00%
Other	591,259	614,715	586,467	591,259	1,205,974	1,177,726	(28,248)	(2.34%)
Total Funds	\$15,344,001	\$20,408,158	\$18,698,164	\$19,153,282	\$35,752,159	\$37,851,446	\$2,099,287	5.87%

Program Description

The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes is responsible for: 1) examination and licensure of all drivers; 2) verification of identification; 3) creation and maintenance of permanent driver and motor vehicle records; 4) titling and registration of all vehicles including boats, snowmobiles, and ATVs; 5) inspection and verification of vehicle identification numbers; 6) licensure and compliance control of motor vehicle dealers and manufacturers; and 7) providing motor voter registration.

Program Highlights

Motor Vehicle Division Major Budget Highlights	
♦	The budget for the 2015 biennium is \$2.1 million or 5.9% higher than the 2013 biennium due to: <ul style="list-style-type: none"> Statewide present law adjustments Costs to purchase vehicle license plates for the rolling reissue Annualization of a contract for the insurance verification system that was implemented in FY 2013 Funding to add 5.00 FTE, including 4.00 FTE to support increased demand for commercial driver's licenses and 1.00 FTE to support business process development associated with MERLIN

Program Narrative

The legislature applied a 2% vacancy savings adjustment to most agencies. For this agency the reduction was applied to this division and language was approved to allow the reduction to be allocated to other programs. As such, the biennium budget growth for this division is understated by roughly \$1.0 million.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Motor Vehicle Division							
		Non-					
Funds	HB 2	Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$15,976,117	\$0	\$0	\$15,976,117	42.2%		
State Special Total	\$20,697,603	\$0	\$0	\$20,697,603	54.7%		
02225 Mvd Inform Tech System Hb577	\$107,616	\$0	\$0	\$107,616	0.3%		
02422 Highways Special Revenue	\$11,342,753	\$0	\$0	\$11,342,753	30.0%		
02456 Insurance Verification Sb508	\$8,121,450	\$0	\$0	\$8,121,450	21.5%		
02798 Mvd It System - Hb261	\$1,125,784	\$0	\$0	\$1,125,784	3.0%		
Proprietary Total	\$1,177,726	\$0	\$0	\$1,177,726	3.1%		
06080 Mvd/state Information Portal	(\$4,792)	\$0	\$0	(\$4,792)	0.0%		
06083 Mvd Electronic Commerce	\$1,182,518	\$0	\$0	\$1,182,518	3.1%		
Total All Funds	\$37,851,446	\$0	\$0	\$37,851,446	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

General fund supports all functions of the division except debt service on loans that finance development and upgrade to Montana Enhanced Registration and Licensing Information Network (MERLIN). State special revenues collected through vehicle registration fees support payment of debt for MERLIN and the vehicle insurance verification system. Highways state special revenue from gasoline tax revenues supports most remaining functions of the division except for debt service on management systems. Proprietary funds collected from fees charged for e-government services support online web based services that may be used by the public.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	7,507,520	7,507,520	15,015,040	93.98%	15,344,001	15,344,001	30,688,002	81.07%
Statewide PL Adjustments	475,009	495,094	970,103	6.07%	624,506	657,981	1,282,487	3.39%
Other PL Adjustments	188,881	192,083	380,964	2.38%	2,734,513	3,173,851	5,908,364	15.61%
New Proposals	(192,813)	(197,177)	(389,990)	(2.44%)	(4,856)	(22,551)	(27,407)	(0.07%)
Total Budget	\$7,978,597	\$7,997,520	\$15,976,117		\$18,698,164	\$19,153,282	\$37,851,446	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					685,210					690,557
Vacancy Savings					(274,418)					(274,640)
Inflation/Deflation					10,793					27,666
Fixed Costs					202,921					214,398
Total Statewide Present Law Adjustments										
	\$475,009		\$149,497	\$0	\$624,506		\$495,094	\$162,887	\$0	\$657,981
DP 50 - Initial Motion to FY 2012 Base	0.00	(475,009)	(149,497)	0	(624,506)	0.00	(495,094)	(162,887)	0	(657,981)
DP 51 - Adjustment for Statewide Personal Services	0.00	282,756	128,036	0	410,792	0.00	285,606	130,311	0	415,917
DP 52 - Adjustment for Statewide Operations	0.00	194,271	22,806	0	217,077	0.00	211,514	33,927	0	245,441
DP 1202 - MVD Annualize MTIVS Contract	0.00	0	952,392	0	952,392	0.00	0	952,392	0	952,392
DP 1203 - MVD License Plate Rolling Reissue	0.00	0	1,085,000	0	1,085,000	0.00	0	1,519,000	0	1,519,000
DP 1204 - MVD Annualize Mail Renewal Contract & Office Lease	0.00	86,863	57,908	0	144,771	0.00	90,057	60,038	0	150,095
DP 1205 - MVD Base Adjustments	0.00	100,000	98,987	0	198,987	0.00	100,000	98,987	0	198,987
DP 1207 - MVD Debt Payments to BOI	0.00	0	350,000	0	350,000	0.00	0	350,000	0	350,000
Total Other Present Law Adjustments										
	0.00	\$188,881	\$2,545,632	\$0	\$2,734,513	0.00	\$192,083	\$2,981,768	\$0	\$3,173,851
Grand Total All Present Law Adjustments										
	0.00	\$663,890	\$2,695,129	\$0	\$3,359,019	0.00	\$687,177	\$3,144,655	\$0	\$3,831,832

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1202 - MVD Annualize MTIVS Contract - The legislature approved state special revenue to fund costs paid to a private vendor responsible for operating the Montana Vehicle Insurance Verification System (MTIVS). Roughly 27% of the funding will go toward annualizing to a full year those basic contract costs that were incurred for only six months during the base year and support ongoing system access, utilization, maintenance, and support including batch processing and notice generation. The remaining 73% of the funding will fund costs associated with higher than anticipated volumes of system inquiries and customer service center contacts that would exceed trigger levels in the vendor contract.

DP 1203 - MVD License Plate Rolling Reissue - The legislature approved state special revenue to fund an increase in the number of vehicle license plates purchased from the Montana Correctional Enterprises License Plate Factory as a result of the rolling reissue of vehicle license plates under 61-3-332(3), MCA.

DP 1204 - MVD Annualize Mail Renewal Contract & Office Lease - The legislature approved funding for: 1) increased lease costs for twelve driver licensing offices across the state due to annual inflation clauses in the lease contracts; 2)

contracted printing and mailing costs for various renewal notices; and 3) postage increases for mailing vehicle registration renewal notices in a format that better protects personal information.

DP 1205 - MVD Base Adjustments - The legislature approved funding to: 1) replace computers, printers and servers under a 5 year replacement cycle; and 2) replace division vehicles with high mileage.

DP 1207 - MVD Debt Payments to BOI - The legislature approved state special revenue to fund debt payments associated with the Montana Enhanced Registration and Licensing Information Network (MERLIN).

New Proposals

New Proposals											
Fiscal 2014						Fiscal 2015					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 54 - Additional Vacancy Savings	12	0.00	(397,535)	(171,421)	0	(573,748)*	0.00	(399,973)	(174,974)	0	(574,947)
DP 1201 - MVD Commercial Driver License Program	12	4.00	0	249,886	0	249,886	4.00	0	236,599	0	236,599
DP 1209 - MVD National Motor Vehicle Title Info System	12	0.00	33,295	0	0	33,295	0.00	33,295	0	0	33,295
DP 1210 - MVD Customer Service	12	1.00	171,427	114,284	0	285,711	1.00	169,501	113,001	0	282,502
Total	5.00	(\$192,813)	\$192,749	\$0	(\$4,856)*	5.00	(\$197,177)	\$174,626	\$0	(\$22,551)	

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 1201 - MVD Commercial Driver License Program - The legislature approved funding from the highways state special revenue account to add 4.00 FTE and associated operating costs to address workload issues for commercial driver licenses (CDL) and associated customer services to assist applicants schedule testing appointments.

DP 1209 - MVD National Motor Vehicle Title Info System - The legislature approved funding for the National Motor Vehicle Information System (NMVTIS) contract, which allows the state to verify the information on paper titles with the electronic data from the state that issued the title to help prevent fraudulent titling transactions.

DP 1210 - MVD Customer Service - The legislature approved funding for personal services and operating costs to add 1.00 FTE business development specialist to work on Motor Vehicle Division transparency, business interactions related to the Montana Enhanced Registration and Licensing information Network (MERLIN) implementation, and division electronic commerce.

Language and Statutory Authority

The legislature included the following language in HB 2:

"Motor Vehicle Division includes a reduction in general fund of \$397,535 in fiscal year 2014 and \$399,973 in fiscal year 2015, state special revenue of \$171,421 in fiscal year 2014 and \$174,974 in fiscal year 2015, and proprietary funds of \$4,792 in fiscal year 2014. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	297.00	297.00	302.00	302.00	297.00	302.00	5.00	1.68%
Personal Services	21,055,923	23,452,153	24,174,095	24,210,357	44,508,076	48,384,452	3,876,376	8.71%
Operating Expenses	8,499,915	6,648,811	8,256,781	8,150,431	15,148,726	16,407,212	1,258,486	8.31%
Equipment & Intangible Assets	1,992,165	1,608,530	2,127,990	1,992,165	3,600,695	4,120,155	519,460	14.43%
Total Costs	\$31,548,003	\$31,709,494	\$34,558,866	\$34,352,953	\$63,257,497	\$68,911,819	\$5,654,322	8.94%
General Fund	0	0	0	0	0	0	0	n/a
State Special	31,548,003	31,709,494	34,558,866	34,352,953	63,257,497	68,911,819	5,654,322	8.94%
Total Funds	\$31,548,003	\$31,709,494	\$34,558,866	\$34,352,953	\$63,257,497	\$68,911,819	\$5,654,322	8.94%

Program Description

The Montana Highway Patrol (MHP) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists and first aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour-a-day, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies.

Program Highlights

Montana Highway Patrol Major Budget Highlights	
♦	The budget for the 2015 biennium is \$5.7 million or 8.9% higher than the 2013 biennium primarily due to: <ul style="list-style-type: none"> ▪ Statewide present law adjustments ▪ Funding to add 5.00 FTE patrol officers to serve in the Bakken energy development impacted area of eastern Montana • Funding for pay increases for highway patrol officers

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Montana Highway Patrol							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$0	\$0	\$3,140,356	\$3,140,356	4.4%	16-6-404	Pass Thru
State Special Total	\$68,911,819	\$0	\$0	\$68,911,819	95.6%		
02014 Highway Patrol Retire Clearing	\$12,033,723	\$0	\$0	\$12,033,723	16.7%		
02422 Highways Special Revenue	\$56,878,096	\$0	\$0	\$56,878,096	78.9%		
Total All Funds	\$68,911,819	\$0	\$3,140,356	\$72,052,175	100.0%		
Percent - Total All Sources	95.6%	0.0%	4.4%				

Functions of the division are supported by state special revenue with the bulk of the costs supported by the restricted account of the highways state special revenue. The highway patrol recruitment and retention fund supported by a \$5 vehicle registration fee may be used to support the cost of uniformed officers, equipment, and pay increases, and beginning in the 2013 biennium supports the executive protection function. Please refer to the narrative for the Department of Transportation in the Natural Resources and Transportation section for a discussion of the highway state special revenue fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	31,548,003	31,548,003	63,096,006	91.56%
Statewide PL Adjustments	0	0	0	0.00%	1,640,328	1,722,651	3,362,979	4.88%
Other PL Adjustments	0	0	0	0.00%	1,238,310	1,226,774	2,465,084	3.58%
New Proposals	0	0	0	0.00%	132,225	(144,475)	(12,250)	(0.02%)
Total Budget	\$0	\$0	\$0		\$34,558,866	\$34,352,953	\$68,911,819	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,646,842					1,683,104
Inflation/Deflation					(86,524)					(57,647)
Fixed Costs					80,010					97,194
Total Statewide Present Law Adjustments										
		\$0	\$1,640,328	\$0	\$1,640,328		\$0	\$1,722,651	\$0	\$1,722,651
DP 50 - Initial Motion to FY 2012 Base										
	0.00	0	(1,640,328)	0	(1,640,328)	0.00	0	(1,722,651)	0	(1,722,651)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	1,646,842	0	1,646,842	0.00	0	1,683,104	0	1,683,104
DP 52 - Adjustment for Statewide Operations										
	0.00	0	(60)	0	(60)	0.00	0	46,033	0	46,033
DP 1301 - MHP Salary Increase per Survey										
	0.00	0	548,796	0	548,796	0.00	0	548,796	0	548,796
DP 1302 - MHP Base Adjustments										
	0.00	0	683,060	0	683,060	0.00	0	671,492	0	671,492
Total Other Present Law Adjustments										
	0.00	\$0	\$1,238,310	\$0	\$1,238,310	0.00	\$0	\$1,226,774	\$0	\$1,226,774
Grand Total All Present Law Adjustments										
	0.00	\$0	\$2,878,638	\$0	\$2,878,638	0.00	\$0	\$2,949,425	\$0	\$2,949,425

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1301 - MHP Salary Increase per Survey - The legislature approved state special revenue to fund salary adjustments for Montana highway patrol officers based on the most recent salary survey specified in law.

DP 1302 - MHP Base Adjustments - The legislature approved state special revenue to fund: 1) overtime pay; 2) rent and tower site access across the state to adjust for contractual cost increases; and 3) removal of the deflation adjustment for gasoline in the statewide present law adjustments so the budget for gasoline is at the actual FY 2012 level.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 53 - Correct Funding - Statewide Present Law Adjustment										
13	0.00	0	0	0	0	0.00	0	0	0	0
DP 1305 - Reduce Base Funding for Supplies										
13	0.00	0	(688,000)	0	(688,000)	0.00	0	(688,000)	0	(688,000)
DP 1320 - Bakken - Montana Highway Patrol										
13	5.00	0	820,225	0	820,225	5.00	0	543,525	0	543,525
Total	5.00	\$0	\$132,225	\$0	\$132,225	5.00	\$0	(\$144,475)	\$0	(\$144,475)

DP 53 - Correct Funding - Statewide Present Law Adjustment - The legislature approved a funding switch to correctly fund the statewide present law adjustments by reducing highways state special revenue and increasing highway patrol retirement clearing state special by \$805,590 in FY 2014 and by \$614,478 in FY 2015.

DP 1305 - Reduce Base Funding for Supplies - The legislature reduced funding for base year purchases of law enforcement personnel and vehicle supplies.

DP 1320 - Bakken - Montana Highway Patrol - The legislature approved funding for operating costs and personal services to add 5.00 FTE band 5 highway patrol officers to serve in the areas impacted by the Eastern Montana energy development. FY 2014 funding to outfit the new positions was designated as one-time-only.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	102.00	102.00	105.00	105.00	102.00	105.00	3.00	2.94%
Personal Services	5,860,119	6,330,106	6,797,216	6,803,000	12,190,225	13,600,216	1,409,991	11.57%
Operating Expenses	3,549,053	3,584,854	4,083,840	4,111,053	7,133,907	8,194,893	1,060,986	14.87%
Equipment & Intangible Assets	123,452	170,162	123,452	123,452	293,614	246,904	(46,710)	(15.91%)
Transfers	11,295	11,295	11,295	11,295	22,590	22,590	0	0.00%
Total Costs	\$9,543,919	\$10,096,417	\$11,015,803	\$11,048,800	\$19,640,336	\$22,064,603	\$2,424,267	12.34%
General Fund	5,639,292	6,133,196	6,836,394	6,861,392	11,772,488	13,697,786	1,925,298	16.35%
State Special	3,182,165	3,095,269	3,492,057	3,500,056	6,277,434	6,992,113	714,679	11.38%
Federal Special	722,462	867,952	687,352	687,352	1,590,414	1,374,704	(215,710)	(13.56%)
Total Funds	\$9,543,919	\$10,096,417	\$11,015,803	\$11,048,800	\$19,640,336	\$22,064,603	\$2,424,267	12.34%

Program Description

The Division of Criminal Investigation (DCI) includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, the Investigative Support Bureau, and the Law Enforcement Academy Bureau.

The Investigations Bureau consists of four sections. The Fire Prevention and Investigation Section is responsible for safeguarding life and property from fire, explosion, and arson through investigation, inspection, and fire code interpretation and enforcement functions. The Special Investigations Unit investigates crimes involving the use of computers; maintains the Sexual and Violent Offender Registry; and provides advanced training opportunities for law enforcement officials statewide. The Major Case Section provides criminal investigative assistance to city, county, state and federal law enforcement agencies. The Medicaid Fraud Control Section is responsible for investigating any crime that occurs in a health care facility, including theft, drug diversion, sexual assault, and homicide. The section also investigates elder exploitation, elder abuse, and fraud by providers within the Medicaid system.

The Narcotics Bureau investigates dangerous drug violations and provides investigative assistance to city, county, state and federal law enforcement agencies as requested. The bureau also investigates organized criminal activity.

The Investigative Support Bureau is responsible for establishing a statewide intelligence center; performing criminal records checks, operate the Criminal Justice Information Network, and addressing homeland security issues.

The Law Enforcement Academy Bureau provides criminal justice officers and other qualified individuals with basic and specialized training in the field of law enforcement.

Program Highlights

Division of Criminal Investigation Major Budget Highlights	
♦	The budget is \$2.4 million or 12.3% higher in the 2015 biennium than the 2013 biennium
♦	Budget growth is due to: <ul style="list-style-type: none"> ▪ Statewide present law adjustments ▪ A subsidy funded by the highways state special revenue account to support operations of the Montana Law Enforcement Academy (MLEA) • Funding to add 3.00 FTE, including 2.00 FTE investigators and 1.00 FTE MLEA trainer • A program to prevent child abuse

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Div. Of Criminal Investigation							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$13,697,786	\$0	\$0	\$13,697,786	61.9%		
State Special Total	\$6,992,113	\$0	\$0	\$6,992,113	31.6%		
02006 Cigarette Fire Safety Standard	\$189,634	\$0	\$0	\$189,634	0.9%		
02016 Criminal Justice Info Network	\$1,004,544	\$0	\$0	\$1,004,544	4.5%		
02349 Highway Non-restricted Account	\$350,000	\$0	\$0	\$350,000	1.6%		
02546 Mtlaw Enforc. Acad. Surcharge	\$2,822,307	\$0	\$0	\$2,822,307	12.7%		
02797 Cjis - Background Checks	\$2,262,348	\$0	\$0	\$2,262,348	10.2%		
02937 Justice State Special Misc	\$363,280	\$0	\$0	\$363,280	1.6%		
Federal Special Total	\$1,374,704	\$0	\$78,400	\$1,453,104	6.6%		
03187 Bcc Grants To Dept. Of Justice	\$322,748	\$0	\$0	\$322,748	1.5%		
03214 Special Law Enforcement Assist	\$0	\$0	\$78,400	\$78,400	0.4%	44-12-203	Direct
03800 Medicaid Fraud	\$1,051,956	\$0	\$0	\$1,051,956	4.8%		
Total All Funds	\$22,064,603	\$0	\$78,400	\$22,143,003	100.0%		
Percent - Total All Sources	99.6%	0.0%	0.4%				

The division is supported by a combination of general fund, state special revenue, and federal funds. General fund supports criminal investigations, fire prevention and investigation, match for federal funds supporting Medicaid fraud investigations, drug task forces, the computer crime unit, sexual and violent offender registry, amber alert, child sexual abuse response team, and Public Safety Officer Standards and Training (POST).

The three largest sources of state special revenue supporting the division are Montana Law Enforcement Academy surcharges that support operation of the academy, criminal justice information network (CJIN) revenue that supports CJIN, and revenue from criminal justice background checks that are paid in exchange for completion of a background check.

The largest source of federal funds is Medicaid funding that supports investigation of Medicaid fraud. Other federal grants support drug enforcement task forces and homeland security functions.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,639,292	5,639,292	11,278,584	82.34%	9,543,919	9,543,919	19,087,838	86.51%
Statewide PL Adjustments	644,244	655,756	1,300,000	9.49%	744,026	763,537	1,507,563	6.83%
Other PL Adjustments	284,882	298,536	583,418	4.26%	284,882	298,536	583,418	2.64%
New Proposals	267,976	267,808	535,784	3.91%	442,976	442,808	885,784	4.01%
Total Budget	\$6,836,394	\$6,861,392	\$13,697,786		\$11,015,803	\$11,048,800	\$22,064,603	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					931,720					937,988
Vacancy Savings					(271,658)					(271,904)
Inflation/Deflation					(24,604)					(18,489)
Fixed Costs					108,568					115,942
Total Statewide Present Law Adjustments										
		\$644,244	\$134,892	(\$35,110)	\$744,026		\$655,756	\$142,891	(\$35,110)	\$763,537
DP 50 - Initial Motion to FY 2012 Base	0.00	(644,244)	(134,892)	35,110	(744,026)	0.00	(655,756)	(142,891)	35,110	(763,537)
DP 51 - Adjustment for Statewide Personal Services	0.00	617,137	68,816	(25,891)	660,062	0.00	621,221	70,240	(25,377)	666,084
DP 52 - Adjustment for Statewide Operations	0.00	29,331	66,076	(9,219)	86,188	0.00	36,770	72,651	(9,733)	99,688
DP 1804 - DCI Child Sexual Predator and Drug Diversion	0.00	183,128	0	0	183,128	0.00	183,128	0	0	183,128
DP 1806 - DCI Base Adjustments	0.00	38,183	0	0	38,183	0.00	51,913	0	0	51,913
DP 1808 - MLEA Trainer	1.00	61,347	0	0	61,347	1.00	61,260	0	0	61,260
Total Other Present Law Adjustments										
	1.00	\$284,882	\$0	\$0	\$284,882	1.00	\$298,536	\$0	\$0	\$298,536
Grand Total All Present Law Adjustments										
	1.00	\$929,126	\$134,892	(\$35,110)	\$1,028,908	1.00	\$954,292	\$142,891	(\$35,110)	\$1,062,073

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1804 - DCI Child Sexual Predator and Drug Diversion - The legislature approved funding to continue the Child Sexual Predator and Drug Diversion Programs and provide a program aimed at preventing child abuse. The legislature

designated \$100,000 general fund each year as one-time-only and restricted to providing a program for preventing child abuse, including, but not limited to providing child sexual abuse prevention.

DP 1806 - DCI Base Adjustments - The legislature approved funding for lease increases for office space across the state that is rented from the private sector.

DP 1808 - MLEA Trainer - The legislature approved funding for personal services to add 1.00 FTE training development specialist at the Montana Law Enforcement Academy (MLEA).

New Proposals

New Proposals		Fiscal 2014					Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 1801 - DCI SVOR Compliance Investigators											
18	1.00	120,912	0	0	120,912	1.00	120,744	0	0	120,744	
DP 1807 - DCI MLEA Maintenance											
18	0.00	0	175,000	0	175,000	0.00	0	175,000	0	175,000	
DP 1820 - POST Contracted Legal Costs (RST)											
18	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000	
DP 1821 - SB 43 Investigator											
18	1.00	97,064	0	0	97,064	1.00	97,064	0	0	97,064	
Total	2.00	\$267,976	\$175,000	\$0	\$442,976	2.00	\$267,808	\$175,000	\$0	\$442,808	

DP 1801 - DCI SVOR Compliance Investigators - The legislature approved funding for personal services and associated operating costs to add 1.00 FTE for a compliance program for the Sexual and Violent Offender Registry Program. The positions, one crime investigator and one crime analyst, will process compliance documents and perform forensic training across Montana for the Children's Justice Center (CJC) and the Sexual and Violent Offender Registry program (SVOR).

DP 1807 - DCI MLEA Maintenance - The legislature approved funding from the non-restricted highways state special revenue account to augment funding for the Montana Law Enforcement Academy.

DP 1820 - POST Contracted Legal Costs (RST) - The legislature approved funding for the Public Safety Officer Standards and Training Council to pay for costs associated with work performed by the Agency Legal Services attorney. The funding was restricted for this purpose.

DP 1821 - SB 43 Investigator - The legislature approved funding for operating costs and personal services to add 1.00 FTE investigator to investigate alleged mistreatment, neglect, or abuse of residents at a residential facility in accordance with SB 43. The funding was designated as restricted only for this purpose.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	19.00	19.00	19.00	19.00	19.00	19.00	0.00	0.00%
Personal Services	1,106,876	1,144,628	1,193,405	1,197,458	2,251,504	2,390,863	139,359	6.19%
Operating Expenses	231,883	230,112	263,218	188,150	461,995	451,368	(10,627)	(2.30%)
Total Costs	\$1,338,759	\$1,374,740	\$1,456,623	\$1,385,608	\$2,713,499	\$2,842,231	\$128,732	4.74%
General Fund	437,695	518,824	485,386	460,969	956,519	946,355	(10,164)	(1.06%)
State Special	859,232	818,330	945,176	899,790	1,677,562	1,844,966	167,404	9.98%
Other	41,832	37,586	26,061	24,849	79,418	50,910	(28,508)	(35.90%)
Total Funds	\$1,338,759	\$1,374,740	\$1,456,623	\$1,385,608	\$2,713,499	\$2,842,231	\$128,732	4.74%

Program Description

The Central Services Division (CSD) provides accounting, asset management, budgeting, fiscal management, human resources, internal controls, payroll and benefits, purchasing, training, and assistance with the implementation of policies rules and regulations for the Department of Justice. The program also administers the County Attorney Payroll.

Program Highlights

Central Services Division Major Budget Highlights	
♦	The legislature approved a present law budget, with the nearly \$129,000 or 4.7% growth from the 2013 biennium to the 2015 biennium attributed to statewide present law adjustments

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Central Services Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$946,355	\$0	\$5,996,126	\$6,942,481	74.3%		
State Special Total	\$1,844,966	\$0	\$250,000	\$2,094,966	22.4%		
02074 Gambling License Fee Account	\$124,514	\$0	\$0	\$124,514	1.3%		
02140 Consumer Education Settlement	\$163,912	\$0	\$0	\$163,912	1.8%		
02143 Drug Forfeitures-state	\$0	\$0	\$250,000	\$250,000	2.7%	44-12-206	Direct
02422 Highways Special Revenue	\$1,451,148	\$0	\$0	\$1,451,148	15.5%		
02797 Cjis - Background Checks	\$105,392	\$0	\$0	\$105,392	1.1%		
Federal Special Total	\$0	\$0	\$250,000	\$250,000	2.7%		
03214 Special Law Enforcement Assist	\$0	\$0	\$250,000	\$250,000	2.7%	44-12-206	Direct
Proprietary Total	\$50,910	\$0	\$0	\$50,910	0.5%		
06005 Liquor Division	\$50,910	\$0	\$0	\$50,910	0.5%		
Total All Funds	\$2,842,231	\$0	\$6,496,126	\$9,338,357	100.0%		
Percent - Total All Sources	30.4%	0.0%	69.6%				

The Central Services Division is funded by allocation of costs among the various funding sources supporting the department. General fund provides one third of the division's HB 2 funding. State special revenue, the largest source being the restricted portion of the highways state special revenue account, provides half of the division funding. Proprietary funds, including liquor licensing fees and fees for agency legal services, provide the remainder of the division's funding.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	437,695	437,695	875,390	92.50%	1,338,759	1,338,759	2,677,518	94.20%
Statewide PL Adjustments	47,271	22,851	70,122	7.41%	117,444	46,426	163,870	5.77%
Other PL Adjustments	420	423	843	0.09%	420	423	843	0.03%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$485,386	\$460,969	\$946,355		\$1,456,623	\$1,385,608	\$2,842,231	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Personal Services					136,251				140,478
Vacancy Savings					(49,722)				(49,896)
Inflation/Deflation					(4)				19
Fixed Costs					30,919				(44,175)
Total Statewide Present Law Adjustments		\$47,271	\$85,944	\$0	\$117,444*		\$22,851	\$40,558	\$0
DP 50 - Initial Motion to FY 2012 Base	0.00	(47,271)	(85,944)	0	(117,444)*	0.00	(22,851)	(40,558)	0
DP 51 - Adjustment for Statewide Personal Services	0.00	34,827	63,322	0	86,529*	0.00	44,584	79,133	0
DP 52 - Adjustment for Statewide Operations	0.00	12,864	22,622	0	31,335*	0.00	(21,310)	(38,575)	0
Total Other Present Law Adjustments	0.00	\$420	\$0	\$0	\$420*	0.00	\$423	\$0	\$423*
Grand Total All Present Law Adjustments	0.00	\$47,691	\$85,944	\$0	\$117,864*	0.00	\$23,274	\$40,558	\$0

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	40.80	40.80	40.80	40.80	40.80	40.80	0.00	0.00%
Personal Services	2,543,238	2,521,335	2,717,487	2,718,536	5,064,573	5,436,023	371,450	7.33%
Operating Expenses	1,062,634	1,028,751	1,113,168	1,111,506	2,091,385	2,224,674	133,289	6.37%
Equipment & Intangible Assets	36,820	90,135	36,820	36,820	126,955	73,640	(53,315)	(42.00%)
Total Costs	\$3,642,692	\$3,640,221	\$3,867,475	\$3,866,862	\$7,282,913	\$7,734,337	\$451,424	6.20%
General Fund	3,491,704	3,489,288	3,708,491	3,707,900	6,980,992	7,416,391	435,399	6.24%
State Special	133,659	133,620	141,476	141,456	267,279	282,932	15,653	5.86%
Federal Special	2,505	2,502	2,652	2,651	5,007	5,303	296	5.91%
Other	14,824	14,811	14,856	14,855	29,635	29,711	76	0.26%
Total Funds	\$3,642,692	\$3,640,221	\$3,867,475	\$3,866,862	\$7,282,913	\$7,734,337	\$451,424	6.20%

Program Description

The Justice Information Technology Services Division (JITSD) provides a full range of information technology and criminal justice services for the department, including: system development and maintenance for all systems and platforms within the department, such as MERLIN, mainframe development and maintenance of the motor vehicle titling, registration, driver license and history system, criminal history record information system and the Montana Uniform Crime Reporting System, support for the department's internal computers and systems, support for the Criminal Justice Information Network (CJIN) which links law enforcement and criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files. Some of the newer systems supported are the MHP Integrated Public Safety System (CAD, RMS, Mobile in Car, e-citations, crash reporting, End of Life, Hope Card, Concealed Weapons, and Amber Alert). One of the largest projects is support and maintenance of the IJIS broker. This system is key to interoperability between all justice information technology systems within the state, which includes federal, state, and local agencies being interfaced together to share information.

Program Highlights

Information Technology Services Division Major Budget Highlights	
♦	The 2015 biennium budget is \$451,000 or 6.2% higher than the 2013 biennium due to statewide present law adjustments

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Information Technology Service							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$7,416,391	\$0	\$0	\$7,416,391	95.9%		
State Special Total	\$282,932	\$0	\$0	\$282,932	3.7%		
02016 Criminal Justice Info Network	\$7,972	\$0	\$0	\$7,972	0.1%		
02074 Gambling License Fee Account	\$35,132	\$0	\$0	\$35,132	0.5%		
02422 Highways Special Revenue	\$136,583	\$0	\$0	\$136,583	1.8%		
02797 Cjis - Background Checks	\$96,056	\$0	\$0	\$96,056	1.2%		
02937 Justice State Special Misc	\$7,189	\$0	\$0	\$7,189	0.1%		
Federal Special Total	\$5,303	\$0	\$0	\$5,303	0.1%		
03800 Medicaid Fraud	\$5,303	\$0	\$0	\$5,303	0.1%		
Proprietary Total	\$29,711	\$0	\$0	\$29,711	0.4%		
06005 Liquor Division	\$14,348	\$0	\$0	\$14,348	0.2%		
06500 Agency Legal Services	\$15,363	\$0	\$0	\$15,363	0.2%		
Total All Funds	\$7,734,337	\$0	\$0	\$7,734,337	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded primarily with general fund and state special revenue. State special revenue is primarily from the restricted portion of highway state special revenue, Criminal Justice Information System (CJIS) background check fees, and gambling license fees. The balance of the division's funding comes from a very small amount of federal funds (Medicaid) and proprietary funds, including liquor licensing fees and agency legal service fees.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,491,704	3,491,704	6,983,408	94.16%	3,642,692	3,642,692	7,285,384	94.20%
Statewide PL Adjustments	205,893	205,298	411,191	5.54%	213,889	213,272	427,161	5.52%
Other PL Adjustments	10,894	10,898	21,792	0.29%	10,894	10,898	21,792	0.28%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$3,708,491	\$3,707,900	\$7,416,391		\$3,867,475	\$3,866,862	\$7,734,337	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Personal Services					277,061				278,150
Vacancy Savings					(112,812)				(112,852)
Inflation/Deflation					(177)				(112)
Fixed Costs					49,817				48,086
Total Statewide Present Law Adjustments		\$205,893	\$7,817	\$147	\$213,889*		\$205,298	\$7,797	\$213,272*
DP 50 - Initial Motion to FY 2012 Base	0.00	(205,893)	(7,817)	(147)	(213,889)*	0.00	(205,298)	(7,797)	(213,272)*
DP 51 - Adjustment for Statewide Personal Services	0.00	158,108	6,004	113	164,249*	0.00	159,118	6,043	165,298*
DP 52 - Adjustment for Statewide Operations	0.00	48,679	1,813	34	50,534*	0.00	47,078	1,754	48,872*
DP 2901 - JITSD Base Adjustment	0.00	10,000	0	0	10,000	0.00	10,000	0	10,000
Total Other Present Law Adjustments	0.00	\$10,894	\$0	\$0	\$10,894*	0.00	\$10,898	\$0	\$10,898*
Grand Total All Present Law Adjustments	0.00	\$216,787	\$7,817	\$147	\$224,783*	0.00	\$216,196	\$7,797	\$224,170*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 2901 - JITSD Base Adjustment - The legislature approved funding for overtime at roughly the same level as the base year to support on-call and call-out operations for division staff.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	33.30	33.30	34.30	34.30	33.30	34.30	1.00	3.00%
Personal Services	2,559,053	2,627,712	2,760,232	2,760,083	5,186,765	5,520,315	333,550	6.43%
Operating Expenses	1,122,809	1,072,684	1,156,672	1,154,441	2,195,493	2,311,113	115,620	5.27%
Equipment & Intangible Assets	6,000	9,551	56,000	56,000	15,551	112,000	96,449	620.21%
Debt Service	64,389	64,389	110,096	110,096	128,778	220,192	91,414	70.99%
Total Costs	\$3,752,251	\$3,774,336	\$4,083,000	\$4,080,620	\$7,526,587	\$8,163,620	\$637,033	8.46%
General Fund	3,426,604	3,446,649	3,740,901	3,738,252	6,873,253	7,479,153	605,900	8.82%
State Special	325,647	327,687	342,099	342,368	653,334	684,467	31,133	4.77%
Total Funds	\$3,752,251	\$3,774,336	\$4,083,000	\$4,080,620	\$7,526,587	\$8,163,620	\$637,033	8.46%

Program Description

The Forensic Science Division (FSD) includes the State Crime Lab in Missoula and the State Medical Examiner. The division provides a statewide system of death investigation, forensic science training, and scientific criminal investigation. The division conducts analysis on specimens submitted by law enforcement officials, coroners, and other state agencies. The division tests firearms, tool marks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood and urine samples in connection with driving under the influence (DUI) cases and it provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Program Highlights

Forensic Science Division Major Budget Highlights	
<ul style="list-style-type: none"> The 2015 biennium budget is \$637,000 or 8.5% higher than the 2013 biennium due to: <ul style="list-style-type: none"> Statewide present law adjustments Funding to purchase laboratory equipment Funding to add 1.00 FTE forensic scientist to provide synthetic drug testing 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Justice Funding by Source of Authority 2015 Biennium Budget - Forensic Science Division							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$7,479,153	\$0	\$0	\$7,479,153	91.6%		
State Special Total	\$684,467	\$0	\$0	\$684,467	8.4%		
02349 Highway Non-restricted Account	\$684,467	\$0	\$0	\$684,467	8.4%		
Total All Funds	\$8,163,620	\$0	\$0	\$8,163,620	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The division is funded primarily with general fund. State special revenue from the non-restricted portion of the highway state special revenue account provides the balance of the division's funding and supports certification, equipment maintenance, and training of law enforcement in the use of breath testing equipment.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,426,604	3,426,604	6,853,208	91.63%	3,752,251	3,752,251	7,504,502	91.93%
Statewide PL Adjustments	172,533	175,356	347,889	4.65%	188,985	192,077	381,062	4.67%
Other PL Adjustments	55,723	55,726	111,449	1.49%	55,723	55,726	111,449	1.37%
New Proposals	86,041	80,566	166,607	2.23%	86,041	80,566	166,607	2.04%
Total Budget	\$3,740,901	\$3,738,252	\$7,479,153		\$4,083,000	\$4,080,620	\$8,163,620	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					245,149					244,993
Vacancy Savings					(112,169)					(112,162)
Inflation/Deflation					(3,694)					(1,163)
Fixed Costs					59,699					60,409
Total Statewide Present Law Adjustments										
	\$172,533		\$16,452	\$0	\$188,985		\$175,356	\$16,721	\$0	\$192,077
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(172,533)	(16,452)	0	(188,985)	0.00	(175,356)	(16,721)	0	(192,077)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	121,403	11,577	0	132,980	0.00	121,268	11,563	0	132,831
DP 52 - Adjustment for Statewide Operations										
	0.00	51,853	4,875	0	56,728	0.00	54,814	5,158	0	59,972
DP 3201 - FSD Base Adjustments										
	0.00	5,000	0	0	5,000	0.00	5,000	0	0	5,000
DP 3202 - FSD Equipment - Bien										
	0.00	50,000	0	0	50,000	0.00	50,000	0	0	50,000
Total Other Present Law Adjustments										
	0.00	\$55,723	\$0	\$0	\$55,723	0.00	\$55,726	\$0	\$0	\$55,726
Grand Total All Present Law Adjustments										
	0.00	\$228,256	\$16,452	\$0	\$244,708	0.00	\$231,082	\$16,721	\$0	\$247,803

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 3201 - FSD Base Adjustments - The legislature approved funding to annualize the maintenance contract for the heating, ventilation, and air conditioning (HVAC) maintenance contract implemented part way through the base year after a recent upgrade of the HVAC system was completed at the state crime laboratory in Missoula.

DP 3202 - FSD Equipment - Bien - The legislature approved funding to purchase new and/or replacement equipment. The funding was designated as one-time-only, restricted, and biennial.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 3203 - Forensic Testing										
32	1.00	86,041	0	0	86,041	1.00	80,566	0	0	80,566
Total	1.00	\$86,041	\$0	\$0	\$86,041	1.00	\$80,566	\$0	\$0	\$80,566

DP 3203 - Forensic Testing - The legislature approved funding for personal services and operating costs to add 1.00 FTE forensic scientist to provide synthetic drug testing.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	40.00	40.00	40.00	40.00	40.00	40.00	0.00	0.00%
Estimated Impact of HB 2*			(1.29)	(1.29)		(1.29)	(1.29)	
Net Estimated FTE*			38.71	38.71		38.71	(1.29)	
Personal Services	2,755,472	3,056,595	3,092,634	3,002,847	5,812,067	6,095,481	283,414	4.88%
Operating Expenses	612,409	633,847	637,818	652,041	1,246,256	1,289,859	43,603	3.50%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Debt Service	6,080	6,080	6,080	6,080	12,160	12,160	0	0.00%
Total Costs	\$3,373,961	\$3,696,522	\$3,736,532	\$3,660,968	\$7,070,483	\$7,397,500	\$327,017	4.63%
State Special	3,308,354	3,591,088	3,670,925	3,595,361	6,899,442	7,266,286	366,844	5.32%
Federal Special	65,607	105,434	65,607	65,607	171,041	131,214	(39,827)	(23.29%)
Total Funds	\$3,373,961	\$3,696,522	\$3,736,532	\$3,660,968	\$7,070,483	\$7,397,500	\$327,017	4.63%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission Statement: To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

The Department of Public Service Regulation (PSR) regulates the operations of public utility and transportation industries that operate in the state. Five commissioners, elected from districts throughout Montana, form the Montana Public Service Commission (PSC) that oversees the Public Service Regulation Program (PSR). Each commissioner serves a four-year term.

Agency Highlights

Public Service Regulation Major Budget Highlights	
♦	The legislature approved a present law budget
♦	Vacancy savings was applied at 4%
♦	Funding was approved for anticipated retirement payouts

Summary of Legislative Action

The legislature approved a present law budget and funds personal services with a 4% vacancy savings applied and funding approved for anticipated retirement payouts.

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 1.29 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	40.00	40.00	40.00	0.00	40.00	40.00	0.00	
Estimated Impact of HB 2*			(1.29)	(1.29)		(1.29)	(1.29)	
Net Estimated FTE*			38.71	(1.29)		38.71	(1.29)	
Personal Services	2,755,472	3,092,634	3,092,634	0	3,002,847	3,002,847	0	0
Operating Expenses	612,409	637,087	637,818	731	651,310	652,041	731	1,462
Equipment & Intangible Assets	0	0	0	0	0	0	0	0
Debt Service	6,080	6,080	6,080	0	6,080	6,080	0	0
Total Costs	\$3,373,961	\$3,735,801	\$3,736,532	\$731	\$3,660,237	\$3,660,968	\$731	\$1,462
State/Other Special	3,308,354	3,670,194	3,670,925	731	3,594,630	3,595,361	731	1,462
Federal Special	65,607	65,607	65,607	0	65,607	65,607	0	0
Total Funds	\$3,373,961	\$3,735,801	\$3,736,532	\$731	\$3,660,237	\$3,660,968	\$731	\$1,462

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget is \$1,462 higher than the executive request because the legislature changed fixed costs associated with insurance and the State Accounting, Budgeting, and Human Resources System (SABHRS).

Funding

The following table shows funding, by source for the 2015 biennium as approved by the legislature.

Total Public Service Regulation Funding by Source of Authority 2015 Biennium Budget - Public Service Regulation Prog							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
State Special Total	\$7,266,286	\$0	\$0	\$7,266,286	98.2%		
02281 Public Service Commission	\$7,266,286	\$0	\$0	\$7,266,286	98.2%		
Federal Special Total	\$131,214	\$0	\$0	\$131,214	1.8%		
03011 Natural Gas Safety Pgm	\$131,214	\$0	\$0	\$131,214	1.8%		
Total All Funds	\$7,397,500	\$0	\$0	\$7,397,500	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Public Service Regulation (PSR) is funded primarily by a fee that is levied on regulated companies, based on funding appropriated by the legislature for a specific fiscal year. Fees are deposited directly into a state special revenue account and are based upon a percentage of the gross operating revenue from all activities regulated by the commission for the calendar quarter of operation (69-1-402, MCA). The department also administers a small amount of federal pipeline safety grant funds.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	3,373,961	3,373,961	6,747,922	91.22%
Statewide PL Adjustments	0	0	0	0.00%	258,368	241,004	499,372	6.75%
Other PL Adjustments	0	0	0	0.00%	154,091	95,953	250,044	3.38%
New Proposals	0	0	0	0.00%	(49,888)	(49,950)	(99,838)	(1.35%)
Total Budget	\$0	\$0	\$0		\$3,736,532	\$3,660,968	\$7,397,500	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments											
-----Fiscal 2014-----						-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services					344,138					347,274	
Vacancy Savings					(99,776)					(99,899)	
Inflation/Deflation					(516)					(154)	
Fixed Costs					14,522					(6,217)	
Total Statewide Present Law Adjustments		\$0	\$258,368	\$0	\$258,368		\$0	\$241,004	\$0	\$241,004	
DP 1 - Retirement Payouts (Restricted/Biennial)	0.00	0	92,800	0	92,800	0.00	0	0	0	0	
DP 2 - Computer Replacement	0.00	0	8,150	0	8,150	0.00	0	42,750	0	42,750	
DP 3 - Building Rent	0.00	0	2,715	0	2,715	0.00	0	2,715	0	2,715	
DP 50 - Initial Motion to FY 2012 Base	0.00	0	(258,368)	0	(258,368)	0.00	0	(241,004)	0	(241,004)	
DP 51 - Adjustment for Statewide Personal Services	0.00	0	294,250	0	294,250	0.00	0	297,325	0	297,325	
DP 52 - Adjustment for Statewide Operations	0.00	0	14,544	0	14,544	0.00	0	(5,833)	0	(5,833)	
Total Other Present Law Adjustments		0.00	\$0	\$154,091	\$0	\$154,091	0.00	\$0	\$95,953	\$0	\$95,953
Grand Total All Present Law Adjustments		0.00	\$0	\$412,459	\$0	\$412,459	0.00	\$0	\$336,957	\$0	\$336,957

DP 1 - Retirement Payouts (Restricted/Biennial) - The legislature approved state special revenue to fund costs to pay for staff retirement payouts. The legislature designated this funding as biennial and restricted only for this purpose.

DP 2 - Computer Replacement - The legislature approved state special revenue to fund replacement of the following computer equipment under a five-year replacement cycle:

FY 2014

2 servers (\$9,800)

FY 2015

25 desktop computers (\$30,000)

5 laptop computers with monitors (\$9,500)

1 server (\$4,900)

DP 3 - Building Rent - The legislature approved state special revenue to fund the difference between the base of \$222,705 and the total of \$225,420, which is the annual fixed cost contractual rent for the office space occupied by the agency.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 2%.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals		Fiscal 2014				Fiscal 2015					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 54 - Additional Vacancy Savings											
01	0.00	0	(49,888)	0	(49,888)	0.00	0	(49,950)	0	(49,950)	
Total	0.00	\$0	(\$49,888)	\$0	(\$49,888)	0.00	\$0	(\$49,950)	\$0	(\$49,950)	

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	209.50	209.50	217.50	217.50	209.50	217.50	8.00	3.82%
Estimated Impact of HB 2*			(8.06)	(8.06)		(8.06)	(8.06)	
Net Estimated FTE*			209.44	209.44		209.44	(0.06)	
Personal Services	13,643,678	12,439,402	15,071,637	15,070,617	26,083,080	30,142,254	4,059,174	15.56%
Operating Expenses	9,015,625	9,403,675	11,355,000	11,411,836	18,419,300	22,766,836	4,347,536	23.60%
Equipment & Intangible Assets	18,554	21,118	18,554	18,554	39,672	37,108	(2,564)	(6.46%)
Total Costs	\$22,677,857	\$21,864,195	\$26,445,191	\$26,501,007	\$44,542,052	\$52,946,198	\$8,404,146	18.87%
General Fund	22,577,899	21,678,051	26,163,647	26,227,081	44,255,950	52,390,728	8,134,778	18.38%
State Special	99,958	186,144	281,544	273,926	286,102	555,470	269,368	94.15%
Total Funds	\$22,677,857	\$21,864,195	\$26,445,191	\$26,501,007	\$44,542,052	\$52,946,198	\$8,404,146	18.87%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

The primary mission of the statewide public defender system is to provide effective assistance of counsel to indigent persons accused of crime and other persons in civil cases who are entitled by law to the assistance of counsel at public expense.

The Office of State Public Defender administers the statewide public defender system and delivers public defender services in all courts in Montana for criminal and certain civil cases for an individual who is determined to be indigent per statutory provisions and is accused of an offense that could result in the person's loss of life or liberty if convicted. The statewide public defender system is supervised by the Public Defender Commission, an eleven member commission appointed by the Governor. The office is administratively attached to the Department of Administration with the exception of some functions as provided in statute (2-15-1028, MCA). The statewide public defender system also includes appellate defender functions.

Agency Highlights

Office of State Public Defender Major Budget Highlights	
♦	The budget approved for the 2015 biennium is \$8.4 million or 18.9% higher than the 2013 biennium
♦	Besides statewide present law adjustments that included vacancy savings of 4%, significant funding increases were for: <ul style="list-style-type: none"> Contracted services to address caseload impacts with contracted staff Funding for an attorney career ladder to address staff attorney turnover Funding for 8.00 FTE to address caseload impacts

Summary of Legislative Action

The legislature provided funding for the agency that consists of:

- The base budget plus statewide present law adjustments
- Nearly \$3.7 million to fund contracted services to address caseload growth
- Nearly \$2.6 million to fund a career ladder for attorneys to address turnover issues

- \$500,000 dedicated to death penalty cases
- Funding to add 8.00 FTE to address caseload growth

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 8.06 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Office Of The Public Defender Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$52,390,728	\$0	\$0	\$52,390,728	99.0%
State Special Total	555,470	-	-	555,470	1.0%
Federal Special Total	-	-	-	-	0.0%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$52,946,198</u>	<u>\$0</u>	<u>\$0</u>	<u>\$52,946,198</u>	
Percent - Total All Sources	100.0%	0.0%	0.0%		

The agency is funded primarily by the general fund. A small amount of state special revenue from reimbursements for services provided is also available to the agency.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	22,577,899	22,577,899	45,155,798	86.19%	22,677,857	22,677,857	45,355,714	85.66%
Statewide PL Adjustments	(456,715)	(509,265)	(965,980)	(1.84%)	(456,715)	(509,265)	(965,980)	(1.82%)
Other PL Adjustments	2,355,644	2,358,125	4,713,769	9.00%	2,537,230	2,532,093	5,069,323	9.57%
New Proposals	1,686,819	1,800,322	3,487,141	6.66%	1,686,819	1,800,322	3,487,141	6.59%
Total Budget	\$26,163,647	\$26,227,081	\$52,390,728		\$26,445,191	\$26,501,007	\$52,946,198	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	209.50	246.50	217.50	(29.00)	246.50	217.50	(29.00)	
Estimated Impact of HB 2*			(8.06)	(8.06)		(8.06)	(8.06)	
Net Estimated FTE*			209.44	(37.06)		209.44	(37.06)	
Personal Services	13,643,678	16,921,661	15,071,637	(1,850,024)	17,175,465	15,070,617	(2,104,848)	(3,954,872)
Operating Expenses	9,015,625	10,035,403	11,355,000	1,319,597	9,994,493	11,411,836	1,417,343	2,736,940
Equipment & Intangible Assets	18,554	28,554	18,554	(10,000)	18,554	18,554	0	(10,000)
Total Costs	\$22,677,857	\$26,985,618	\$26,445,191	(\$540,427)	\$27,188,512	\$26,501,007	(\$687,505)	(\$1,227,932)
General Fund	22,577,899	26,705,884	26,163,647	(542,237)	26,913,053	26,227,081	(685,972)	(1,228,209)
State/Other Special	99,958	279,734	281,544	1,810	275,459	273,926	(1,533)	277
Total Funds	\$22,677,857	\$26,985,618	\$26,445,191	(\$540,427)	\$27,188,512	\$26,501,007	(\$687,505)	(\$1,227,932)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget for the Office of Public Defender is \$1.2 million in both general fund and total funds lower than the executive request. The legislature added funding to address caseload impacts through contracted services, but did not approve executive requests for funding to:

- Increase staffing in both the public and appellate defender offices
- Reduce managers' caseloads
- Reduce the caseloads and establish a backup for the conflict coordinator
- Add investigative staff
- Replace computer equipment

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	199.50	199.50	205.50	205.50	199.50	205.50	6.00	3.01%
Personal Services	12,923,907	11,780,292	14,121,372	14,120,617	24,704,199	28,241,989	3,537,790	14.32%
Operating Expenses	8,594,131	9,039,405	10,925,314	10,983,371	17,633,536	21,908,685	4,275,149	24.24%
Equipment & Intangible Assets	18,554	21,118	18,554	18,554	39,672	37,108	(2,564)	(6.46%)
Total Costs	\$21,536,592	\$20,840,815	\$25,065,240	\$25,122,542	\$42,377,407	\$50,187,782	\$7,810,375	18.43%
General Fund	21,436,634	20,654,671	24,874,489	24,935,600	42,091,305	49,810,089	7,718,784	18.34%
State Special	99,958	186,144	190,751	186,942	286,102	377,693	91,591	32.01%
Total Funds	\$21,536,592	\$20,840,815	\$25,065,240	\$25,122,542	\$42,377,407	\$50,187,782	\$7,810,375	18.43%

Program Description

The Office of State Public Defender administers the statewide public defender system that delivers public defender services in all courts in Montana for criminal and certain civil cases for an individual who is determined to be financially unable to retain private counsel and who is accused of an offense that could result in the person's loss of life or liberty if convicted. The office administers the statewide public defender system that is supervised by the Public Defender Commission. The office is administratively attached to the Department of Administration but has authority in law to provide administrative functions as determined by the commission.

The Public Defender Commission is responsible for the design, direction, and supervision of the system. The commission appoints the chief public defender, approves the strategic plan for the delivery of services, and approves statewide standards for qualifications and training of public defenders.

Program Highlights

Office of Public Defender Program Major Budget Highlights	
♦	The budget approved for the 2015 biennium is \$7.8 million or 18.4% higher than the 2013 biennium
♦	Besides statewide present law adjustments that included vacancy savings of 4%, significant funding increases were for: <ul style="list-style-type: none"> • Contracted services to address caseload impacts with contracted staff ▪ Funding for an attorney career ladder to address staff attorney turnover • Funding for 6.00 FTE to address caseload impacts

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Office Of The Public Defender Funding by Source of Authority 2015 Biennium Budget - Office Of Public Defender							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$49,810,089	\$0	\$0	\$49,810,089	99.2%		
State Special Total	\$377,693	\$0	\$0	\$377,693	0.8%		
02250 Court Ordered Sentencing Costs	\$377,693	\$0	\$0	\$377,693	0.8%		
Total All Funds	\$50,187,782	\$0	\$0	\$50,187,782	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Office of the Public Defender is funded primarily from the general fund. A small amount of state special revenue from collection of reimbursement for services also supports the program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	21,436,634	21,436,634	42,873,268	86.07%	21,536,592	21,536,592	43,073,184	85.82%
Statewide PL Adjustments	(416,916)	(469,267)	(886,183)	(1.78%)	(416,916)	(469,267)	(886,183)	(1.77%)
Other PL Adjustments	2,170,275	2,172,557	4,342,832	8.72%	2,261,068	2,259,541	4,520,609	9.01%
New Proposals	1,684,496	1,795,676	3,480,172	6.99%	1,684,496	1,795,676	3,480,172	6.93%
Total Budget	\$24,874,489	\$24,935,600	\$49,810,089		\$25,065,240	\$25,122,542	\$50,187,782	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(50,950)					(53,969)	
Vacancy Savings				(514,908)					(514,789)	
Inflation/Deflation				31,011					35,833	
Fixed Costs				117,931					63,658	
Total Statewide Present Law Adjustments										
	(\$416,916)	\$0	\$0	(\$416,916)		(\$469,267)	\$0	\$0	(\$469,267)	
DP 1 - Support Workload - FTE	1.00	0	90,793	0	90,793	1.00	0	86,984	0	86,984
DP 9 - Capital Case Defense - OTO/RST/BIEN	0.00	250,000	0	0	250,000	0.00	250,000	0	0	250,000
DP 13 - Fund Career Ladder	0.00	1,209,927	0	0	1,209,927	0.00	1,209,848	0	0	1,209,848
DP 15 - Support Workload - Modified FTE	5.00	439,641	0	0	439,641	5.00	438,972	0	0	438,972
DP 16 - HB 107 Transfer	0.00	(40,000)	0	0	(40,000)	0.00	(40,000)	0	0	(40,000)
DP 50 - Initial Motion to FY 2012 Base	0.00	416,916	0	0	416,916	0.00	469,267	0	0	469,267
DP 51 - Adjustment for Statewide Personal Services	0.00	(257,454)	0	0	(257,454)	0.00	(257,394)	0	0	(257,394)
DP 52 - Adjustment for Statewide Operations	0.00	151,245	0	0	151,245	0.00	101,864	0	0	101,864
Total Other Present Law Adjustments										
	6.00	\$2,170,275	\$90,793	\$0	\$2,261,068	6.00	\$2,172,557	\$86,984	\$0	\$2,259,541
Grand Total All Present Law Adjustments										
	6.00	\$1,753,359	\$90,793	\$0	\$1,844,152	6.00	\$1,703,290	\$86,984	\$0	\$1,790,274

DP 1 - Support Workload - FTE - The legislature approved general fund for personal services and operating costs for the addition of 1.00 FTE attorney.

DP 9 - Capital Case Defense - OTO/RST/BIEN - The legislature approved general fund for costs associated with death penalty cases and designated funding as one-time-only, restricted to fund defense costs on death penalty cases or cases that are likely to be a death penalty case, and biennial.

DP 13 - Fund Career Ladder - The legislature approved general fund for adjustments to the career ladder for unionized attorneys. The career ladder provides incremental competency pay adjustments under a negotiated pay schedule for employees as they achieve certain educational and experiential milestones.

DP 15 - Support Workload - Modified FTE - The legislature approved general fund for operating costs and personal services for the addition of 5.00 FTE attorneys to address caseload growth.

DP 16 - HB 107 Transfer - The legislature passed HB 107 that transfers the expense for counsel assignments from the Office of State Public Defender to the courts for certain cases in abuse and neglect proceedings. This adjustment decreases funding to implement the transfer of funding to the Judiciary per the coordinating language of HB 107. An offsetting adjustment is made in the District Court Operations Program of the Judicial Branch.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 2%.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals		-----Fiscal 2014-----					-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
DP 12 - Increase Contract Attorney Rates											
01	0.00	111,113	0	0	111,113	0.00	222,226	0	0	222,226	
DP 19 - Contract Costs for Caseload Growth											
01	0.00	1,845,000	0	0	1,845,000	0.00	1,845,000	0	0	1,845,000	
DP 54 - Additional Vacancy Savings											
01	0.00	(271,617)	0	0	(271,617)	0.00	(271,550)	0	0	(271,550)	
Total	0.00	\$1,684,496	\$0	\$0	\$1,684,496	0.00	\$1,795,676	\$0	\$0	\$1,795,676	

DP 12 - Increase Contract Attorney Rates - The legislature approved funding for an increase in the hourly rate paid to contracted attorneys by 2% in FY 2014 and an additional 2% in FY 2015.

DP 19 - Contract Costs for Caseload Growth - The legislature approved funding for contracted services to address caseload impacts of the office.

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

Language and Statutory Authority

The legislature included the following language in HB 2:

"Office of State Public Defender includes a reduction in general fund of \$271,617 in fiscal year 2014 and \$271,550 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	10.00	10.00	12.00	12.00	10.00	12.00	2.00	20.00%
Personal Services	719,771	659,110	950,265	950,000	1,378,881	1,900,265	521,384	37.81%
Operating Expenses	421,494	364,270	429,686	428,465	785,764	858,151	72,387	9.21%
Total Costs	\$1,141,265	\$1,023,380	\$1,379,951	\$1,378,465	\$2,164,645	\$2,758,416	\$593,771	27.43%
General Fund	1,141,265	1,023,380	1,289,158	1,291,481	2,164,645	2,580,639	415,994	19.22%
State Special	0	0	90,793	86,984	0	177,777	177,777	n/a
Total Funds	\$1,141,265	\$1,023,380	\$1,379,951	\$1,378,465	\$2,164,645	\$2,758,416	\$593,771	27.43%

Program Description

The Appellate Defender Program provides appeal services for indigent citizens.

Program Highlights

Office of Appellate Defender Major Budget Highlights	
♦	The budget approved for the 2015 biennium is \$594,000 or 27.4% higher than the 2013 biennium
♦	Besides statewide present law adjustments that included vacancy savings of 4%, significant funding increases were for: <ul style="list-style-type: none"> Contracted services to address caseload impacts with contracted staff Funding for 2.00 FTE to address caseload impacts

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Office Of The Public Defender Funding by Source of Authority 2015 Biennium Budget - Office Of Appellate Defender							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,580,639	\$0	\$0	\$2,580,639	93.6%		
State Special Total	\$177,777	\$0	\$0	\$177,777	6.4%		
02250 Court Ordered Sentencing	\$177,777	\$0	\$0	\$177,777	6.4%		
Total All Funds	\$2,758,416	\$0	\$0	\$2,758,416	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The Appellate Defender Program is supported entirely by the general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,141,265	1,141,265	2,282,530	88.45%	1,141,265	1,141,265	2,282,530	82.75%
Statewide PL Adjustments	(39,799)	(39,998)	(79,797)	(3.09%)	(39,799)	(39,998)	(79,797)	(2.89%)
Other PL Adjustments	185,369	185,568	370,937	14.37%	276,162	272,552	548,714	19.89%
New Proposals	2,323	4,646	6,969	0.27%	2,323	4,646	6,969	0.25%
Total Budget	\$1,289,158	\$1,291,481	\$2,580,639		\$1,379,951	\$1,378,465	\$2,758,416	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(11,637)					(11,982)
Vacancy Savings					(28,326)					(28,311)
Inflation/Deflation					164					295
Total Statewide Present Law Adjustments										
		(\$39,799)	\$0	\$0	(\$39,799)		(\$39,998)	\$0	\$0	(\$39,998)
DP 3 - Support Workload	1.00	0	90,793	0	90,793	1.00	0	86,984	0	86,984
DP 17 - Fund Career Ladder	0.00	72,453	0	0	72,453	0.00	72,448	0	0	72,448
DP 18 - Support Workload - Modified FTE	1.00	87,116	0	0	87,116	1.00	86,983	0	0	86,983
DP 50 - Initial Motion to FY 2012 Base	0.00	39,799	0	0	39,799	0.00	39,998	0	0	39,998
DP 51 - Adjustment for Statewide Personal Services	0.00	(14,163)	0	0	(14,163)	0.00	(14,156)	0	0	(14,156)
DP 52 - Adjustment for Statewide Operations	0.00	164	0	0	164	0.00	295	0	0	295
Total Other Present Law Adjustments	2.00	\$185,369	\$90,793	\$0	\$276,162	2.00	\$185,568	\$86,984	\$0	\$272,552
Grand Total All Present Law Adjustments	2.00	\$145,570	\$90,793	\$0	\$236,363	2.00	\$145,570	\$86,984	\$0	\$232,554

DP 3 - Support Workload - The legislature approved general fund to fund operating costs and personal services for the addition of 1.00 FTE attorney.

DP 17 - Fund Career Ladder - The legislature approved general fund to fund a career ladder for non-unionized attorneys. The career ladder provides incremental competency pay adjustments under a pay schedule for employees as they achieve certain educational and experiential milestones.

DP 18 - Support Workload - Modified FTE - The legislature approved general fund to fund operating costs and personal services for the addition of 1.00 FTE attorney to address caseload growth.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 2%.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals		-----Fiscal 2014-----				-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 10 - Increase Contract Attorney Rates										
02	0.00	2,323	0	0	2,323	0.00	4,646	0	0	4,646
Total	0.00	\$2,323	\$0	\$0	\$2,323	0.00	\$4,646	\$0	\$0	\$4,646

DP 10 - Increase Contract Attorney Rates - The legislature approved funding for an increase in the hourly rate paid to contracted attorneys by 2% in FY 2014 and an additional 2% in FY 2015.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	1,279.89	1,279.89	1,281.89	1,281.89	1,279.89	1,281.89	2.00	0.16%
Estimated Impact of HB 2*			(34.49)	(34.49)		(34.49)	(34.49)	
Net Estimated FTE*			1247.40	1247.40		1247.40	(32.49)	
Personal Services	69,859,396	70,643,147	71,478,400	71,543,752	140,502,543	143,022,152	2,519,609	1.79%
Operating Expenses	99,536,893	98,970,190	107,700,976	109,196,488	198,507,083	216,897,464	18,390,381	9.26%
Equipment & Intangible Assets	100,851	81,681	303,851	141,551	182,532	445,402	262,870	144.01%
Benefits & Claims	2,330,087	2,940,542	2,080,087	2,080,087	5,270,629	4,160,174	(1,110,455)	(21.07%)
Transfers	3,526,709	2,916,469	3,519,259	3,515,659	6,443,178	7,034,918	591,740	9.18%
Debt Service	86,479	86,651	262,329	262,329	173,130	524,658	351,528	203.04%
Total Costs	\$175,440,415	\$175,638,680	\$185,344,902	\$186,739,866	\$351,079,095	\$372,084,768	\$21,005,673	5.98%
General Fund	170,077,589	170,089,157	179,367,912	180,767,375	340,166,746	360,135,287	19,968,541	5.87%
State Special	4,714,007	4,788,037	5,894,818	5,893,475	9,502,044	11,788,293	2,286,249	24.06%
Federal Special	16,005	25,739	16,005	16,005	41,744	32,010	(9,734)	(23.32%)
Other	632,814	735,747	66,167	63,011	1,368,561	129,178	(1,239,383)	(90.56%)
Total Funds	\$175,440,415	\$175,638,680	\$185,344,902	\$186,739,866	\$351,079,095	\$372,084,768	\$21,005,673	5.98%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission - The Montana Department of Corrections enhances public safety, promotes positive change in offender behavior, reintegrates offenders into the community, and supports victims of crime.

The Department of Corrections (DOC), authorized in section 2-15-2301, MCA, is directed in section 53-1-201, MCA, to "utilize at maximum efficiency the resources of state government in a coordinated effort to: 1) develop and maintain comprehensive services and programs in the field of adult and youth corrections; and 2) provide for the care, protection, and mental and physical development of youth alleged to be youth in need of supervision, or delinquent youth who are referred or committed to the department." The department's five programs are:

- Administration and support services including the Director's Office, Health Services, Information Technology Services, Human Resources Division, Administrative and Financial Services Division, and the administratively attached Board of Pardons and Parole
- Community Corrections Division including division administration; Treasure State Correctional Treatment Center (TSCTC); contracted pre-release centers, probation and parole; Warm Springs Addictions Treatment and Change Program (WATCH), the DUI treatment unit; Elkhorn and Nexus methamphetamine treatment centers; Missoula Assessment and Sanction Center (MASC); and the Sanction, Treatment, Assessment, Revocation, and Transition Center (START)
- Secure Custody including Montana State Prison (MSP), Montana Women's Prison (MWP), contract beds including regional prisons in Great Falls and Glendive, and a privately operated prison (Crossroads Correctional Center) in Shelby
- Montana Correctional Enterprises (MCE) including agriculture, ranching, industries, vocational education, food factory, license plate factory, fire crew, lumber processing, and inmate canteen
- Youth Services Division including statewide juvenile community corrections functions, Riverside Youth Correctional Facility, the Transition Center, and Pine Hills Youth Correctional Facility

Agency Highlights

Department of Corrections Major Budget Highlights	
♦	The legislature funded the department expecting that total populations would grow by 1% per year, with female secure care populations growing the most at an average rate of 4.4% per year
♦	The legislature addressed these expected populations by: <ul style="list-style-type: none"> ▪ Annualizing contract beds to the full contracted level, except for a reduction of 12 male pre-release beds • Increasing female pre-release and transitional living beds by 10 beds • Using the remodeled Montana Mental Health Nursing Care Center in Lewistown to house inmates needing staff assistance for their daily care. This initiative began in FY 2013 and is expected to free up space in the Montana State Prison to accommodate growth
♦	Other factors contributing to the funding increase are: <ul style="list-style-type: none"> ▪ Statewide present law adjustments ▪ Outside medical cost inflation ▪ Annualizing of contracted beds ▪ Provider rate increases of 2% per year for most providers with selected providers receiving 1% increases
♦	The legislature funded the addition of a net 2.00 FTE: <ul style="list-style-type: none"> • 1.00 FTE for correctional relief factors at the Montana Women's Prison • 6.00 FTE to replace the previously contracted health services function for the Montana Women's Prison • 4.00 FTE moved from budgeted funds in HB 2 to non-budgeted proprietary funds for the Vocational Education program • 1.00 FTE long-term vacant position at the Pine Hills Youth Correctional Center not funded

Summary of Legislative Action

Total funding for the department increases \$21.0 million or 6.0% and general fund support increases \$20.0 million or 5.9% over the current biennium.

State special revenue support for the agency increases due to legislative action that shifted funding for expenditures from the general fund to state special revenue funds, including supervision fees, restitution administrative fees, and parental cost of care payments for juveniles.

The legislative budget provides funding to increase provider rates by 2% in FY 2014 and an additional 2% in FY 2015 for all but a few selected providers. Provider rate increases were approved for both not-for-profit providers and for-profit providers. Funding for medical costs that occur when an inmate is treated outside a state facility are funded nearly 20% higher than the base year costs.

Population and Bed Increases

The legislature generally funded beds for fewer offenders than the department estimates will enter the system during the 2015 biennium. The following figure summarizes the average daily population (ADP) funded and reflects the following reductions from the executive request: 1) 12 fewer male pre-release beds; 2) 10 fewer female pre-release beds; and 3) 10 fewer female transitional living beds. However, the legislature provided an appropriation of \$2.0 million to the department and an unspecified portion of another \$7.5 million appropriation in SB 410 that the department could use to offset these reductions.

Department of Corrections Funded ADP		
	FY 2014	FY 2015
Male Prison	2,372	2,392
Female Prison	209	218
Alternatives to Prison	1,011	1,044
Prerelease and Transitional Living	928	934
Specialized Supervision Programs	656	656
Probation and Parole	<u>7,728</u>	<u>7,778</u>
Total ADP	<u>12,904</u>	<u>13,022</u>

Overall offender populations are anticipated to grow by roughly 1% per year. Growth is influenced by female secure custody and programs functioning as an alternative to prison with female secure custody expected to grow by about 4.4% per year and alternatives to prison to grow by 3.4% per year.

A detailed table showing historical populations along with current projections can be found here: <http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/Corrections-ADP-table.pdf>

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 34.49 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$360,135,287	\$0	\$0	\$360,135,287	90.6%
State Special Total	11,788,293	-	706,163	12,494,456	3.1%
Federal Special Total	32,010	-	-	32,010	0.0%
Proprietary Total	129,178	24,805,976	-	24,935,154	6.3%
Total All Funds	<u>\$372,084,768</u>	<u>\$24,805,976</u>	<u>\$706,163</u>	<u>\$397,596,907</u>	
Percent - Total All Sources	93.6%	6.2%	0.2%		

The department receives most of its funding from the general fund, with a small amount coming from state special revenue. The four largest state special revenue funds are:

- The canteen revolving fund, which receives revenue from the sale of items (such as personal hygiene items) to inmates
- Probation and parole supervision fees collected from offenders under the supervision of the department
- Pine Hills donations, interest, and income funds that come mostly from the collection of interest and income on school trust lands
- Juvenile placement costs of care that comes from payments made by parents and other responsible parties toward the costs of care of juveniles under the supervision of juvenile parole (Corrections) or juvenile probation (Judicial Branch)

The department receives a small amount of federal funds for the Youth Services program from the Title IV-E Foster Care and Adoption Program.

The remainder of the department's funding comes from proprietary funds such as license plate manufacturing and prison ranch operations.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	170,077,589	170,077,589	340,155,178	94.45%	175,440,415	175,440,415	350,880,830	94.30%
Statewide PL Adjustments	(903,265)	(857,204)	(1,760,469)	(0.49%)	(803,886)	(757,584)	(1,561,470)	(0.42%)
Other PL Adjustments	7,959,199	8,210,274	16,169,473	4.49%	9,125,066	9,371,114	18,496,180	4.97%
New Proposals	2,234,389	3,336,716	5,571,105	1.55%	1,583,307	2,685,921	4,269,228	1.15%
Total Budget	\$179,367,912	\$180,767,375	\$360,135,287		\$185,344,902	\$186,739,866	\$372,084,768	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

SB 410 – This bill includes a one-time-only biennial appropriation of \$7.5 million general fund to the Governor's Office. The funding can be transferred at the Governor's discretion in the 2015 biennium to the following departments for operations costs:

- Governor's Office
- Public Health and Human Services
- Natural Resources and Conservation
- Environmental Quality
- Administration
- Commerce
- Revenue
- Corrections
- Labor and Industry

Any funds transferred are one-time-only and consequently will not be part of the FY 2014 budget base.

The legislature also provided a direct appropriation to this agency of \$2 million from the state special revenue fund, funded with a general fund transfer. The agency may use these funds for operation of the agency.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	1,279.89	1,309.89	1,281.89	(28.00)	1,309.89	1,281.89	(28.00)	
Estimated Impact of HB 2*			(34.49)	(34.49)		(34.49)	(34.49)	
Net Estimated FTE*			1247.40	(62.49)		1247.40	(62.49)	
Personal Services	69,859,396	73,437,426	71,478,400	(1,959,026)	74,294,282	71,543,752	(2,750,530)	(4,709,556)
Operating Expenses	99,536,893	109,379,576	107,700,976	(1,678,600)	111,748,553	109,196,488	(2,552,065)	(4,230,665)
Equipment & Intangible Assets	100,851	376,851	303,851	(73,000)	141,551	141,551	0	(73,000)
Benefits & Claims	2,330,087	2,330,087	2,080,087	(250,000)	2,330,087	2,080,087	(250,000)	(500,000)
Transfers	3,526,709	3,519,259	3,519,259	0	3,515,659	3,515,659	0	0
Debt Service	86,479	262,329	262,329	0	262,329	262,329	0	0
Total Costs	\$175,440,415	\$189,305,528	\$185,344,902	(\$3,960,626)	\$192,292,461	\$186,739,866	(\$5,552,595)	(\$9,513,221)
General Fund	170,077,589	183,035,457	179,367,912	(3,667,545)	186,022,149	180,767,375	(5,254,774)	(8,922,319)
State/Other Special	4,714,007	5,452,076	5,894,818	442,742	5,452,165	5,893,475	441,310	884,052
Federal Special	16,005	16,005	16,005	0	16,005	16,005	0	0
Proprietary	632,814	801,990	66,167	(735,823)	802,142	63,011	(739,131)	(1,474,954)
Total Funds	\$175,440,415	\$189,305,528	\$185,344,902	(\$3,960,626)	\$192,292,461	\$186,739,866	(\$5,552,595)	(\$9,513,221)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislature approved general fund that is \$8.9 million lower and \$9.5 million lower in total funds than the executive through a combination of offsetting reductions and increases. The legislature:

- Reduced funding for outside medical by \$1.9 million
- Reduced funding for a contract between the department and the Department of Public Health and Human services for care of 20 inmates at the Montana Mental Health Nursing Care Center in Lewistown for additional FTE to provide security at the facility
- Did not fund the request for a career ladder for correctional officers
- Funded no FTE for the agency's re-entry initiative when 8.00 FTE were requested, but approved funding for coordination of re-entry efforts
- Funded the addition of 5 pre-release transitional living beds and 5 women's pre-release beds when 10 transitional living and 15 women's pre-release beds were requested
- Funded 12 fewer male pre-release beds than are currently funded

The legislature also reduced budgeted proprietary funds that were duplicated with funding authorized through proprietary rates approved for a portion of Montana Correctional Enterprises program operations. This action reduced total funds by nearly \$1.5 million.

Additionally, the legislature funded a number of requests with state special revenue from probation and parole supervision fees and interest and income generated from leasing land at Pine Hills when general fund was requested by the Governor. While this action had no impact on total funds, it resulted in a reduction of general fund.

Language and Statutory Authority

The legislature approved the following language in HB 2:

"Administration and Support Services includes appropriations of \$8,050,772 in general fund in each year for outside medical costs that are biennial.

All appropriations for Adult Community Corrections and Secure Custody Facilities are biennial."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	106.50	106.50	106.50	106.50	106.50	106.50	0.00	0.00%
Personal Services	6,355,494	6,637,121	6,217,885	6,218,108	12,992,615	12,435,993	(556,622)	(4.28%)
Operating Expenses	12,530,975	9,371,896	14,301,642	13,929,144	21,902,871	28,230,786	6,327,915	28.89%
Total Costs	\$18,886,469	\$16,009,017	\$20,519,527	\$20,147,252	\$34,895,486	\$40,666,779	\$5,771,293	16.54%
General Fund	18,302,311	15,401,225	19,760,821	19,393,075	33,703,536	39,153,896	5,450,360	16.17%
State Special	486,136	510,996	692,539	691,166	997,132	1,383,705	386,573	38.77%
Federal Special	0	0	0	0	0	0	0	n/a
Other	98,022	96,796	66,167	63,011	194,818	129,178	(65,640)	(33.69%)
Total Funds	\$18,886,469	\$16,009,017	\$20,519,527	\$20,147,252	\$34,895,486	\$40,666,779	\$5,771,293	16.54%

Program Description

The Administration and Support Services Program includes the Director's Office, Health Services, Information Services Division, Staff Services Division, Administrative and Financial Services Division, and the administratively attached Board of Pardons and Parole. This program provides services to the department, governmental entities, and the public in the areas of: public and victim information, human resource management, staff development & training, American Indian liaison services, policy management, information technology, legal information, technical correctional services, research and statistics, medical services management, project management, payroll, budgeting and program planning, contract development, federal grants management, victim restitution, supervision fee collection, accounting, and various administrative and management support functions.

Program Highlights

Administration and Support Services Program	
Major Budget Highlights	
♦	Major factors contributing to the funding increase are: <ul style="list-style-type: none"> ▪ Inflationary growth for medical costs that arise when an inmate is treated outside the prison system ▪ Statewide present law adjustments
♦	The increases are partially offset by application in this division of the agency's additional 2% vacancy savings adjustment, which can be allocated to other divisions

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget - Admin And Support Services							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$39,153,896	\$0	\$0	\$39,153,896	96.3%		
State Special Total	\$1,383,705	\$0	\$0	\$1,383,705	3.4%		
02261 P & P Supervisory Fee	\$80,000	\$0	\$0	\$80,000	0.2%		
02355 Miscellaneous Fines And Fees	\$17,412	\$0	\$0	\$17,412	0.0%		
02689 Offender Restitution	\$1,280,302	\$0	\$0	\$1,280,302	3.1%		
02917 Msp Canteen Revolving Acct	\$5,991	\$0	\$0	\$5,991	0.0%		
Proprietary Total	\$129,178	\$0	\$0	\$129,178	0.3%		
06033 Prison Ranch	\$42,884	\$0	\$0	\$42,884	0.1%		
06034 Msp Institutional Industries	\$39,596	\$0	\$0	\$39,596	0.1%		
06545 Prison Indust. Training Prog	\$2,601	\$0	\$0	\$2,601	0.0%		
06572 Mee License Plate Production	\$3,894	\$0	\$0	\$3,894	0.0%		
06573 Msp - Cook Chill	\$40,203	\$0	\$0	\$40,203	0.1%		
Total All Funds	\$40,666,779	\$0	\$0	\$40,666,779	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The bulk of the funding for this program comes from the general fund. A small amount of the program's funding comes from state special revenue, primarily from fees charged for the collection of restitution from offenders. The remainder of the program's funding comes from proprietary funds such as the prison ranch, industries program, and cook chill operation.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	18,302,311	18,302,311	36,604,622	93.49%	18,886,469	18,886,469	37,772,938	92.88%
Statewide PL Adjustments	550,828	450,735	1,001,563	2.56%	708,147	608,543	1,316,690	3.24%
Other PL Adjustments	1,532,922	1,279,729	2,812,651	7.18%	1,510,151	1,251,940	2,762,091	6.79%
New Proposals	(625,240)	(639,700)	(1,264,940)	(3.23%)	(585,240)	(599,700)	(1,184,940)	(2.91%)
Total Budget	\$19,760,821	\$19,393,075	\$39,153,896		\$20,519,527	\$20,147,252	\$40,666,779	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				740,141					745,227
Vacancy Savings				(282,495)					(282,699)
Inflation/Deflation				(2,798)					(1,174)
Fixed Costs				253,299					147,189
Total Statewide Present Law Adjustments	\$550,828	\$183,985	\$0	\$708,147*		\$450,735	\$184,037	\$0	\$608,543*
DP 50 - Initial Motion to FY 2012 Base	0.00 (550,828)	(183,985)	0	(708,147)*	0.00	(450,735)	(184,037)	0	(608,543)*
DP 51 - Adjustment for Statewide Personal Services	0.00 391,394	136,877	0	528,271	0.00	396,387	136,817	0	533,204
DP 52 - Adjustment for Statewide Operations	0.00 345,180	(13,530)	0	299,795*	0.00	245,151	(14,843)	0	195,297*
DP 101 - Outside Medical Inflationary Increase (BIEN/RESTR)	0.00 1,027,622	0	0	1,027,622	0.00	1,027,622	0	0	1,027,622
DP 601 - Victim Services	0.00 37,194	0	0	37,194	0.00	37,194	0	0	37,194
DP 701 - MSP Door Control System (OTO/BIEN)	0.00 48,632	0	0	48,632	0.00	0	0	0	0
DP 702 - Agile Assets/RevQ Licenses	0.00 10,000	43,056	0	53,056	0.00	10,000	43,056	0	53,056
DP 703 - MSP Water Telemetry System (OTO/BIEN)	0.00 50,000	0	0	50,000	0.00	0	0	0	0
DP 704 - Vocational Training OTO/Bien	0.00 159,618	0	0	159,618	0.00	0	0	0	0
DP 804 - Investigator Overtime	0.00 7,010	0	0	7,010	0.00	7,010	0	0	7,010
DP 901 - Parole Board Member Compensation	0.00 7,100	0	0	7,100	0.00	7,100	0	0	7,100
Total Other Present Law Adjustments	0.00 \$1,532,922	(\$17,582)	\$0	\$1,510,151*	0.00	\$1,279,729	(\$19,007)	\$0	\$1,251,940*
Grand Total All Present Law Adjustments	0.00 \$2,083,750	\$166,403	\$0	\$2,218,298*	0.00	\$1,730,464	\$165,030	\$0	\$1,860,483*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 3% for all positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 101 - Outside Medical Inflationary Increase (BIEN/RESTR) - The legislature approved funding to address inflationary increases associated with medical care obtained outside of a correctional facility or program. The funding is designated as biennial and restricted to this purpose.

DP 601 - Victim Services - The legislature approved funding for two victim programs: 1) victim impact panels; and 2) victim-offender dialogues. The funding will reimburse volunteers who participate on 10 new victim impact panels during the biennium and reimburse volunteer facilitators who assist with 15 victim-offender dialogue cases during the biennium. In addition, this funding will support the Victim Information Notification Everyday (VINE) system, which provides notifications required in 46-24-212, MCA, to victims when an offender not in prison has a custody status change.

DP 701 - MSP Door Control System (OTO/BIEN) - The legislature approved funding to complete security door control system upgrades for the Martz Diagnostic Intake Unit at the Montana State Prison. The funding will replace the server, computer, and the software that controls the system from a system that is currently operating on Windows 98. The funding was designated as one-time-only, restricted, and biennial.

DP 702 - Agile Assets/RevQ Licenses - The legislature approved funding for software system maintenance agreements for: 1) the Agile Assets system used to track vehicle usage information and maintenance costs; and 2) an automated internet based system used for the collection and disbursement of victim's restitution payments, and supervision and pre-sentence investigation (PSI) fees.

DP 703 - MSP Water Telemetry System (OTO/BIEN) - The legislature approved funding to replace the Montana State Prison (MSP) water telemetry system. The telemetry system monitors a number of wells to maintain prison water system pressures. The funding was designated as one-time-only, restricted, and biennial.

DP 704 - Vocational Training OTO/Bien - The legislature approved funding to purchase computers and software for General Educational Development (GED) testing and digital literacy testing skills for inmates/offenders. The funding will be used to purchase computers and software for a computer laboratory at Montana State Prison. The industry that provides GED testing services has moved from a paper-based system to requiring online access. The funding was designated as one-time-only, restricted, and biennial.

DP 804 - Investigator Overtime - The legislature approved funding for overtime for institutional investigators for matters from crimes of violence inside secure facilities to employee misconduct. The bureau often maintains 24-hour support to preserve evidence at crime scenes and conclude the investigations.

DP 901 - Parole Board Member Compensation - The legislature approved funding to increase Board of Pardons and Parole members' compensation as outlined in 2-15-124 (7), MCA for more meetings of the board. Board members are entitled to be paid \$50 per diem for every day in which the member is engaged in the performance of board duties.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	(685,990)	0	0	(685,990)	0.00	(684,700)	0	0	(684,700)
DP 620 - Victim Impact Panel Volunteer Costs										
01	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 702 - Inmate Adult Educational Assessment Software										
01	0.00	20,000	0	0	20,000	0.00	20,000	0	0	20,000
DP 704 - MSP Employee Training Lab (OTO/BIEN)										
01	0.00	15,750	0	0	15,750	0.00	0	0	0	0
DP 805 - Radio Systems										
01	0.00	25,000	0	0	25,000	0.00	25,000	0	0	25,000
Total	0.00	(\$625,240)	\$40,000	\$0	(\$585,240)	0.00	(\$639,700)	\$40,000	\$0	(\$599,700)

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 620 - Victim Impact Panel Volunteer Costs - The legislature approved funding for volunteer costs associated with participation on victim impact panels, including meals and travel costs.

DP 702 - Inmate Adult Educational Assessment Software - The legislature approved funding to contract for access to education assessment software for adult education at Montana State Prison. The software would enable an inmate to take

a test, the results from which would identify the curriculum level appropriate for the inmate to prepare for a GED test. Funding was designated as one-time-only and restricted.

DP 704 - MSP Employee Training Lab (OTO/BIEN) - The legislature approved funding for the replacement of 15 computers at Montana State Prison training lab that are at the end of their lifespan. The funding was designated as one-time-only, restricted, and biennial.

DP 805 - Radio Systems - The legislature approved funding to contract with technical vendors to upgrade radio programming for agency radios.

Language and Statutory Authority

The legislature included the following language in HB 2:

"Administration and Support Services includes a reduction in general fund of \$685,990 in fiscal year 2014 and \$684,700 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	257.50	257.50	257.50	257.50	257.50	257.50	0.00	0.00%
Personal Services	14,615,426	14,700,076	15,064,377	15,079,039	29,315,502	30,143,416	827,914	2.82%
Operating Expenses	45,204,759	46,744,592	48,086,278	49,022,125	91,949,351	97,108,403	5,159,052	5.61%
Equipment & Intangible Assets	15,500	4,300	15,500	15,500	19,800	31,000	11,200	56.57%
Transfers	12,500	12,500	6,250	6,250	25,000	12,500	(12,500)	(50.00%)
Debt Service	28,742	28,858	69,311	69,311	57,600	138,622	81,022	140.66%
Total Costs	\$59,876,927	\$61,490,326	\$63,241,716	\$64,192,225	\$121,367,253	\$127,433,941	\$6,066,688	5.00%
General Fund	58,610,791	60,224,206	61,741,505	62,692,014	118,834,997	124,433,519	5,598,522	4.71%
State Special	1,266,136	1,266,120	1,500,211	1,500,211	2,532,256	3,000,422	468,166	18.49%
Federal Special	0	0	0	0	0	0	0	n/a
Total Funds	\$59,876,927	\$61,490,326	\$63,241,716	\$64,192,225	\$121,367,253	\$127,433,941	\$6,066,688	5.00%

Program Description

The Adult Community Corrections Division includes probation and parole; intensive and enhanced supervision programs; and male and female community corrections programs that include: the boot camp training center, chemical dependency treatment programs, DUI treatment facilities, Methamphetamine treatment facilities, assessment, sanction, and revocation centers, and various other programs that divert offenders from prison. The department contracts with nonprofit corporations in Great Falls, Missoula, Billings, Bozeman, Butte, and Helena for prerelease services.

Program Highlights

Adult Community Corrections Division	
Major Budget Highlights	
♦	The legislature funded community corrections facilities based on expected increases that average 3.4% per year for alternative placement facilities and 1.3% for pre-release and transitional living facilities. The budget would address these expected increases by: <ul style="list-style-type: none"> ▪ Maintaining all but 12 male pre-release contract beds at the full contract level through the entire biennium • Increasing the per diem rate for contracted facilities • Increasing the capacity for transitional living and women's pre-release beds by 10 beds

Program Narrative

The Adult Community Corrections Division supervises offenders in settings other than prison. The types of services vary in intensity from community supervision to supervised residential settings such as pre-release centers and treatment facilities. The division provides services through the use of state employees (probation and parole officers) and contracts with nonprofit organization that operate various types of community based residential programs.

The figure shows average daily population (ADP) by category of service that were funded by the legislature.

Funded ADP Adult Community Corrections		
	FY 2014	FY 2015
Alternatives to Prison	1,011	1,044
Pre-release/Transitional Living	928	934
Specialized Supervision	656	656
Probation, Parole, and Enhances Supervision	7,728	7,778

The primary drivers of community correctional costs are increases in the number of offenders to be supervised or housed and the type of placement or service that is needed to supervise the offenders. Community residential treatment programs such as the methamphetamine treatment centers tend to have the highest per day costs while probation and parole supervision has the lowest per day costs. While fewer offenders receive residential services than supervision services, the cost per day can be almost twenty times greater.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget - Adult Community Corrections							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$124,433,519	\$0	\$0	\$124,433,519	97.6%		
State Special Total	\$3,000,422	\$0	\$0	\$3,000,422	2.4%		
02261 P & P Supervisory Fee	\$3,000,422	\$0	\$0	\$3,000,422	2.4%		
Total All Funds	\$127,433,941	\$0	\$0	\$127,433,941	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Nearly 98% of the division's funding comes from the general fund. About 2% comes from state special revenue collected from offenders who must pay a probation and parole supervision fee.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	58,610,791	58,610,791	117,221,582	94.20%	59,876,927	59,876,927	119,753,854	93.97%
Statewide PL Adjustments	204,165	227,950	432,115	0.35%	204,165	227,950	432,115	0.34%
Other PL Adjustments	2,170,983	2,231,439	4,402,422	3.54%	2,380,058	2,440,514	4,820,572	3.78%
New Proposals	755,566	1,621,834	2,377,400	1.91%	780,566	1,646,834	2,427,400	1.90%
Total Budget	\$61,741,505	\$62,692,014	\$124,433,519		\$63,241,716	\$64,192,225	\$127,433,941	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
Fiscal 2014					Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				846,013					861,132
Vacancy Savings				(618,450)					(619,061)
Inflation/Deflation				(17,717)					(8,440)
Fixed Costs				(5,681)					(5,681)
Total Statewide Present Law Adjustments									
	\$204,165	\$0	\$0	\$204,165		\$227,950	\$0	\$0	\$227,950
DP 50 - Initial Motion to FY 2012 Base	0.00 (204,165)	0	0	(204,165)	0.00 (227,950)	0	0	0	(227,950)
DP 51 - Adjustment for Statewide Personal Services	0.00 382,174	0	0	382,174	0.00 396,836	0	0	0	396,836
DP 52 - Adjustment for Statewide Operations	0.00 (23,398)	0	0	(23,398)	0.00 (14,121)	0	0	0	(14,121)
DP 201 - Annualize Treatment Beds	0.00 298,860	0	0	298,860	0.00 298,860	0	0	0	298,860
DP 202 - Annualize Pre-release Beds	0.00 1,358,641	0	0	1,358,641	0.00 1,358,641	0	0	0	1,358,641
DP 203 - Annualize MASC Beds	0.00 141,394	0	0	141,394	0.00 141,394	0	0	0	141,394
DP 204 - TSCTC Overtime/Holiday Worked	0.00 33,142	0	0	33,142	0.00 33,142	0	0	0	33,142
DP 205 - Probation and Parole Overtime/Holiday Worked	0.00 33,635	0	0	33,635	0.00 33,635	0	0	0	33,635
DP 206 - SCRAM GPS Units	0.00 0	115,750	0	115,750	0.00 0	115,750	0	0	115,750
DP 207 - Probation and Parole Mental Health Contract	0.00 42,000	0	0	42,000	0.00 42,000	0	0	0	42,000
DP 209 – Pre-release Transitional Living	0.00 0	38,325	0	38,325	0.00 0	38,325	0	0	38,325
DP 210 - Passages Mental Health Contract	0.00 0	55,000	0	55,000	0.00 0	55,000	0	0	55,000
DP 213 - MCE Rate Increase	0.00 108,700	0	0	108,700	0.00 169,002	0	0	0	169,002
Total Other Present Law Adjustments									
	0.00 \$2,170,983	\$209,075	\$0	\$2,380,058	0.00 \$2,231,439	\$209,075	\$0	\$2,440,514	
Grand Total All Present Law Adjustments									
	0.00 \$2,375,148	\$209,075	\$0	\$2,584,223	0.00 \$2,459,389	\$209,075	\$0	\$2,668,464	

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 3% for all positions, except for nurses and correctional officers that support 24 hour seven days per week shifts at the Treasure State Correctional Training Center in which a 2% rate was applied.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 201 - Annualize Treatment Beds - The legislature annualized the funding for community corrections beds to include funding for 100% utilization of all existing contracted treatment beds.

DP 202 - Annualize Pre-release Beds - The legislature annualized the funding for community pre-release beds to include funding for all but 12 male beds at existing contracted pre-release centers. The legislature specified that the reduction of the 12 beds may not impact pre-release centers in Great Falls and Missoula.

DP 203 - Annualize MASC Beds - The legislature annualized per diem rate funding at the Missoula Assessment and Sanction Center (MASC) to include funding for 100% utilization.

DP 204 - TSCTC Overtime/Holiday Worked - The legislature approved funding for overtime and holidays worked at the same level as the base.

DP 205 - Probation and Parole Overtime/Holiday Worked - The legislature approved funding for overtime and holidays worked for probation and parole to respond to after-hour incidents involving supervised offenders.

DP 206 - SCRAM GPS Units - The legislature approved funding to add 5 secure continuous remote alcohol monitor (SCRAM) units and global positioning system (GPS) units to monitor sexual and high-risk offenders under community probation and parole supervision. These units provide 24 hour a day, 7 days per week electronic monitoring.

DP 207 - Probation and Parole Mental Health Contract - The legislature approved funding for additional mental health services in the Kalispell probation and parole region.

DP 209 - Pre-release Transitional Living - The legislature approved funding to add 5 transitional living program (TLP) slots as a means of enhancing re-entry efforts.

DP 210 - Passages Mental Health Contract - The legislature approved funding to expand female mental health services at the Passages program in Billings. This funding will provide the same assessment, stabilization, and support services to female offenders with mental health needs that are provided at the revocation program for male offenders.

DP 213 - MCE Rate Increase - The legislature approved funding for rate changes approved for the Montana Correctional Enterprises (MCE) for production services of food, laundry, and motor vehicle maintenance.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Re-entry Coordination										
02	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 203 - Per Diem Adult Community Corrections										
02	0.00	685,168	0	0	685,168	0.00	1,481,037	0	0	1,481,037
DP 212 - Additional community corrections beds for women										
02	0.00	70,398	0	0	70,398	0.00	140,797	0	0	140,797
Total	0.00	\$755,566	\$25,000	\$0	\$780,566	0.00	\$1,621,834	\$25,000	\$0	\$1,646,834

DP 201 - Re-entry Coordination - The legislature approved funding for re-entry coordination activities and restricted the funding for this purpose.

DP 203 - Per Diem Adult Community Corrections - The legislature approved funding to provide a 2% provider rate increase in FY 2014 and an additional 2% (4% total) rate increase for FY 2015 for all pre-release bed providers and treatment bed providers, except the FY 2014 rate for the providers at the Elkhorn and Nexus treatment facilities was increased by 1% and the funding for treatment center increases was designated as restricted.

DP 212 - Additional community corrections beds for women - The legislature approved funding to add 5 pre-release beds for women beginning January 1, 2014, to address anticipated female pre-release growth.

Language and Statutory Authority

The legislature included the following language in HB 2 for this program:

"Adult Community Corrections includes reductions in general fund of \$228,798 in each year to remove funding for 12 male prerelease beds. Reductions at prerelease centers in Great Falls and Missoula may not be made to implement the reductions."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	697.54	697.54	704.54	704.54	697.54	704.54	7.00	1.00%
Personal Services	37,414,105	37,471,761	38,531,715	38,568,796	74,885,866	77,100,511	2,214,645	2.96%
Operating Expenses	36,915,766	38,117,853	40,212,616	41,226,693	75,033,619	81,439,309	6,405,690	8.54%
Equipment & Intangible Assets	85,351	77,381	288,351	126,051	162,732	414,402	251,670	154.65%
Transfers	54,300	55,738	53,100	49,500	110,038	102,600	(7,438)	(6.76%)
Debt Service	36,860	36,860	172,141	172,141	73,720	344,282	270,562	367.01%
Total Costs	\$74,506,382	\$75,759,593	\$79,257,923	\$80,143,181	\$150,265,975	\$159,401,104	\$9,135,129	6.08%
General Fund	74,401,566	75,595,727	79,153,107	80,038,365	149,997,293	159,191,472	9,194,179	6.13%
State Special	104,816	153,520	104,816	104,816	258,336	209,632	(48,704)	(18.85%)
Federal Special	0	10,346	0	0	10,346	0	(10,346)	(100.00%)
Total Funds	\$74,506,382	\$75,759,593	\$79,257,923	\$80,143,181	\$150,265,975	\$159,401,104	\$9,135,129	6.08%

Program Description

The Secure Facilities Program includes the Montana State Prison, Montana Women's Prison, and contract bed facilities which include: Dawson County Correctional Facility, Cascade County Regional Prison, and Crossroads Correctional Center in Shelby. Approximately 2,300 male and 200 female inmates are incarcerated in these facilities.

Program Highlights

Secure Custody Facilities Program	
Major Budget Highlights	
◆	Funding for secure custody facilities accommodates average annual increases of 1.2% for males and 4.4% for females. The budget addresses these increases by: <ul style="list-style-type: none"> ▪ Contracting with the Department of Public Health and Human Services to house 25 inmates needing assistance with their daily care, thus freeing up 35 beds at the Montana State Prison • Maintaining contract beds at the full contract level through the entire biennium
◆	The legislature funded: <ul style="list-style-type: none"> ▪ A prevailing wage adjustment in the contract for the private prison in Shelby ▪ A provider rate increase for private for-profit providers of 2% each year
◆	The legislature funded the addition of 7.00 FTE: <ul style="list-style-type: none"> ▪ For correctional relief factors at Montana State Prison and Montana Women's Prison, 1.00 FTE • To replace the previously contracted health services function for the Montana Women's Prison, 6.00 FTE

Program Narrative

The Secure Custody Facilities Program houses offenders in the Montana State Prison, Montana Women's Prison, and various contracted prison and detention facilities. Montana State Prison (MSP) for male offenders is the largest facility with an operational capacity of 1,485 inmates, while regional prison facilities in Glendive and Great Falls that house a combined 293 inmates are the smallest facilities. Montana Women's Prison (MWP), the only female prison in the state,

has an operational capacity of 194. Both male and female secure inmates are also held in county jails. The cost of contracted prison beds includes the cost to house 550 inmates in the Crossroads Correctional Center in Shelby as well as the cost of housing offenders in county jails and two regional prisons. Beginning halfway through FY 2013, 25 inmates are housed at the Montana Mental Health Nursing Care Center (MMHNCC) in Lewistown. The department is responsible for the cost of housing offenders after conviction.

The primary cost drivers for this program include the average daily population (ADP) of offenders to be housed; operating costs at state facilities including staffing costs; and per diem rates negotiated with the private prison, regional prisons, county jails, and other contractors.

The figure shows the average daily population (ADP) of offenders for male and female prisons funded by the legislature. This funding includes 25 secure assisted living beds at MMHNCC.

Funded ADP Secure Custody Facilities		
	FY 2014	FY 2015
Males	2,372	2,392
Females	209	218
Total ADP	2,581	2,610

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget - Secure Custody Facilities						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference Category
General Fund	\$159,191,472	\$0	\$0	\$159,191,472	99.4%	
State Special Total	\$209,632	\$0	\$706,163	\$915,795	0.6%	
02339 Inmate Welfare/inmate Pay	\$200,000	\$0	\$0	\$200,000	0.1%	
02345 Inmate Welfare Fund	\$0	\$0	\$706,163	\$706,163	0.4%	53-1-109 Direct
02355 Miscellaneous Fines And Fees	\$9,632	\$0	\$0	\$9,632	0.0%	
Total All Funds	\$159,401,104	\$0	\$706,163	\$160,107,267	100.0%	
Percent - Total All Sources	99.6%	0.0%	0.4%			

This division is funded almost entirely by the general fund. State special funds are from the sale of canteen items to inmates and support the cost of purchasing canteen items.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	74,401,566	74,401,566	148,803,132	93.47%	74,506,382	74,506,382	149,012,764	93.48%
Statewide PL Adjustments	(1,581,066)	(1,484,249)	(3,065,315)	(1.93%)	(1,681,066)	(1,584,249)	(3,265,315)	(2.05%)
Other PL Adjustments	4,193,424	4,737,093	8,930,517	5.61%	4,293,424	4,837,093	9,130,517	5.73%
New Proposals	2,139,183	2,383,955	4,523,138	2.84%	2,139,183	2,383,955	4,523,138	2.84%
Total Budget	\$79,153,107	\$80,038,365	\$159,191,472		\$79,257,923	\$80,143,181	\$159,401,104	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(135,660)					(96,846)	
Vacancy Savings				(1,491,127)					(1,492,692)	
Inflation/Deflation				(84,980)					(24,765)	
Fixed Costs				30,701					30,054	
Total Statewide Present Law Adjustments	(\$1,581,066)	(\$100,000)	\$0	(\$1,681,066)		(\$1,484,249)	(\$100,000)	\$0	(\$1,584,249)	
DP 50 - Initial Motion to FY 2012 Base	0.00	1,581,066	100,000	0	1,681,066	0.00	1,484,249	100,000	0	1,584,249
DP 51 - Adjustment for Statewide Personal Services	0.00	(1,142,721)	(100,000)	0	(1,242,721)	0.00	(1,105,082)	(100,000)	0	(1,205,082)
DP 52 - Adjustment for Statewide Operations	0.00	(54,279)	0	0	(54,279)	0.00	5,289	0	0	5,289
DP 301 - MWP Correctional Officer	1.00	38,912	0	0	38,912	1.00	38,862	0	0	38,862
DP 303 - Montana Women's Prison Contracts	0.00	31,250	0	0	31,250	0.00	31,250	0	0	31,250
DP 304 - MWP Supplies (OTO/BIEN/RESTR)	0.00	25,000	0	0	25,000	0.00	35,000	0	0	35,000
DP 305 - MSP Inmate programming	0.00	30,000	0	0	30,000	0.00	30,000	0	0	30,000
DP 307 - MWP Overtime/Holiday Worked	0.00	221,594	0	0	221,594	0.00	221,594	0	0	221,594
DP 308 - MWP Inmate Pay	0.00	19,235	0	0	19,235	0.00	19,235	0	0	19,235
DP 314 - MSP Supplies and Equipment (OTO/BIEN/RESTR)	0.00	110,000	0	0	110,000	0.00	30,000	0	0	30,000
DP 316 - MSP Overtime/Holiday worked	0.00	1,476,927	0	0	1,476,927	0.00	1,476,927	0	0	1,476,927
DP 317 - MSP Inmate Pay	0.00	150,405	100,000	0	250,405	0.00	150,405	100,000	0	250,405
DP 319 - Annualize Secure Care Contract Bed	0.00	1,075,093	0	0	1,075,093	0.00	1,349,473	0	0	1,349,473
DP 321 - MCE Rate Increase	0.00	520,942	0	0	520,942	0.00	969,891	0	0	969,891
DP 324 - MSP Van Replacement (OTO/BIEN)	0.00	110,000	0	0	110,000	0.00	0	0	0	0
Total Other Present Law Adjustments	1.00	\$4,193,424	\$100,000	\$0	\$4,293,424	1.00	\$4,737,093	\$100,000	\$0	\$4,837,093
Grand Total All Present Law Adjustments	1.00	\$2,612,358	\$0	\$0	\$2,612,358	1.00	\$3,252,844	\$0	\$0	\$3,252,844

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 3% for all positions, except for nurses and correctional officers that support 24 hour seven days per week shifts at Montana State Prison and Montana Woman's Prison for which a 2% rate was applied.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 301 - MWP Correctional Officer - The legislature approved funding to add 1.00 FTE for the correctional officer relief factor, which provides coverage for staff vacancies of other officers associated with sick leave, vacation, and regular days off.

DP 303 - Montana Women's Prison Contracts - The legislature approved funding to: 1) increase hours for religious activities; 2) fund all 187 regular and 54 summer school days under the contract with the Billings public school system for adult basic education and literacy education services to inmates at the Montana Women's Prison; and 3) address increases for the chemical dependency contract.

DP 304 - MWP Supplies (OTO/BIEN/RESTR) - The legislature approved funding to purchase supplies and equipment ranging from key locks, fencing, washers, dryers, facility security equipment for staff, mattresses, chairs, and dresser supplies to flooring repairs needed for facility security and maintenance at the Montana Women's Prison. The legislature designated funding as one-time-only, biennial, and restricted.

DP 305 - MSP Inmate programming - The legislature approved funding to purchase training materials to expand the Steps to Economic and Personal Success (STEPS) and New Directions programs for inmates, which teaches offenders how to change their way of thinking about themselves, their lives, and their criminal background.

DP 307 - MWP Overtime/Holiday Worked - The legislature approved general fund for overtime and holidays worked.

DP 308 - MWP Inmate Pay - The legislature approved general fund to pay inmates for work and educational assignments.

DP 314 - MSP Supplies and Equipment (OTO/BIEN/RESTR) - The legislature approved general fund to purchase supplies and equipment ranging from medical equipment, kitchen supplies, yard replacement, and fencing and utility vehicles needed for facility security and maintenance at Montana State Prison. The legislature designated funding as one-time-only, biennial, and restricted.

DP 316 - MSP Overtime/Holiday worked - The legislature approved general fund for overtime and holidays worked.

DP 317 - MSP Inmate Pay - The legislature approved funding to pay inmates for work and educational assignments. The state special funding is from the inmate welfare and inmate pay fund.

DP 319 - Annualize Secure Care Contract Bed- The legislature approved funding to annualize the costs of contract prison beds to include funding for 100% utilization of all existing contracted beds at the projected per diem rates at the Cascade County and Dawson County regional prisons and county jails.

DP 321 - MCE Rate Increase - The legislature approved funding for rate changes approved for Montana Correctional Enterprises (MCE) for production services of food, laundry, and motor vehicle maintenance.

DP 324 - MSP Van Replacement (OTO/BIEN) - The legislature approved funding to purchase an inmate transportation van. The funding was designated as one-time-only, restricted, and biennial.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 301 - Montana Women's Prison Medical Services										
03	6.00	11,258	0	0	11,258	6.00	10,750	0	0	10,750
DP 320 - Lewistown Infirmary Beds										
03	0.00	1,328,721	0	0	1,328,721	0.00	1,328,721	0	0	1,328,721
DP 323 - Contract Beds Private Prison Per Diem										
03	0.00	560,056	0	0	560,056	0.00	560,056	0	0	560,056
DP 325 - Provider Rate Increase Private For-Profit Prison										
03	0.00	239,148	0	0	239,148	0.00	484,428	0	0	484,428
Total	6.00	\$2,139,183	\$0	\$0	\$2,139,183	6.00	\$2,383,955	\$0	\$0	\$2,383,955

DP 301 - Montana Women's Prison Medical Services - The legislature approved funding for operating costs and personal services to add 6.00 FTE to fund health services at the Montana Women's Prison. Positions that will be added are: 1) two licensed practical nurses; 2) three registered nurses; and 3) one medical assistant.

DP 320 - Lewistown Infirmary Beds - The legislature approved funding for a contract (memorandum of understanding) with the Department of Public Health and Human Services for 25 beds at the Lewistown Infirmary. The facility serves an agency-identified population of older offenders with chronic medical conditions that require a specialized level of care, which has become increasingly challenging to provide in a traditional prison environment. The inmates designated for this facility are low-security offenders with an array of serious physical issues.

DP 323 - Contract Beds Private Prison Per Diem - The legislature approved funding to pay for a prevailing wage adjustment under the contract for per diem payments to the Crossroads Corrections Center, the private prison in Shelby.

DP 325 - Provider Rate Increase Private For-Profit Prison - The legislature approved funding to provide provider rate increases for contracted beds operated by private for-profit providers of 2% in FY 2014 and an additional 2% in FY 2015.

Language and Statutory Authority

The legislature included the following language in HB 2:

"Secure Custody Facilities includes \$239,148 in general fund money in fiscal year 2014 and \$484,428 in general fund money in fiscal year 2015 that may be used only for provider rate increases for contracted beds operated by private for-profit providers. In addition, Secure Custody Facilities includes \$560,056 in general fund money in fiscal year 2014 and \$560,056 in general fund money in fiscal year 2015 that may be used only for reimbursement to private for-profit providers for prevailing wages as obligated under contract."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	16.00	16.00	12.00	12.00	16.00	12.00	(4.00)	(25.00%)
Personal Services	810,031	943,083	718,910	720,631	1,753,114	1,439,541	(313,573)	(17.89%)
Operating Expenses	2,511,876	2,490,111	2,621,054	2,621,560	5,001,987	5,242,614	240,627	4.81%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Total Costs	\$3,321,907	\$3,433,194	\$3,339,964	\$3,342,191	\$6,755,101	\$6,682,155	(\$72,946)	(1.08%)
General Fund	801,606	790,402	824,496	826,693	1,592,008	1,651,189	59,181	3.72%
State Special	1,985,509	2,003,841	2,515,468	2,515,498	3,989,350	5,030,966	1,041,616	26.11%
Other	534,792	638,951	0	0	1,173,743	0	(1,173,743)	(100.00%)
Total Funds	\$3,321,907	\$3,433,194	\$3,339,964	\$3,342,191	\$6,755,101	\$6,682,155	(\$72,946)	(1.08%)

Program Description

The Montana Correctional Enterprises (MCE) Division provides vocational education and on the job training to over 400 offenders with minimal general fund support. MCE programs allow offenders to gain valuable knowledge, life skills, and work experience, helping them to transition back into society.

Program Highlights

Montana Correctional Enterprises Major Budget Highlights	
♦	The 2015 biennium budget is \$73,000 or 1.1% lower than the 2013 biennium due to the following offsetting factors: <ul style="list-style-type: none"> ▪ \$1.4 million of proprietary funds that had previously been budgeted in HB 2 were taken off budget through proprietary rate supported funding • Statewide present law adjustments, authority to purchase additional merchandise for the canteen, and staff overtime and inmate pay nearly offset the reduced proprietary funds

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget - Mont Correctional Enterprises							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,651,189	\$0	\$0	\$1,651,189	5.2%		
State Special Total	\$5,030,966	\$0	\$0	\$5,030,966	16.0%		
02917 Msp Canteen Revolving Acct	\$5,030,966	\$0	\$0	\$5,030,966	16.0%		
Proprietary Total	\$0	\$24,805,976	\$0	\$24,805,976	78.8%		
06033 Prison Ranch	\$0	\$8,929,778	\$0	\$8,929,778	28.4%		
06034 Msp Institutional Industries	\$0	\$4,519,754	\$0	\$4,519,754	14.4%		
06545 Prison Indust. Training Prog	\$0	\$1,464,685	\$0	\$1,464,685	4.7%		
06572 Mce License Plate Production	\$0	\$1,872,667	\$0	\$1,872,667	5.9%		
06573 Msp - Cook Chill	\$0	\$8,019,092	\$0	\$8,019,092	25.5%		
Total All Funds	\$6,682,155	\$24,805,976	\$0	\$31,488,131	100.0%		
Percent - Total All Sources	21.2%	78.8%	0.0%				

HB 2 funding for this program is a combination of general fund and state special revenue. General fund supports a portion of the vocational education program and personal services costs for the inmate canteen. State special revenue from the inmate canteen fund supports the purchase of merchandise that is distributed and sold to inmates through the canteen. Non-budgeted proprietary funds support a portion of the vocational education program, industries, food factory, the prison ranch, and license plate operations, and are discussed separately in the Proprietary Rates section.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	801,606	801,606	1,603,212	97.09%	3,321,907	3,321,907	6,643,814	99.43%
Statewide PL Adjustments	(16,858)	(14,686)	(31,544)	(1.91%)	25,202	27,126	52,328	0.78%
Other PL Adjustments	39,748	39,773	79,521	4.82%	725,341	725,357	1,450,698	21.71%
New Proposals	0	0	0	0.00%	(732,486)	(732,199)	(1,464,685)	(21.92%)
Total Budget	\$824,496	\$826,693	\$1,651,189		\$3,339,964	\$3,342,191	\$6,682,155	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				60,364						61,845
Vacancy Savings				(34,814)						(34,877)
Inflation/Deflation				(348)						158
Total Statewide Present Law Adjustments	(\$16,858)	(\$19,353)	\$0	\$25,202*		(\$14,686)	(\$19,316)	\$0	\$27,126*	
DP 50 - Initial Motion to FY 2012 Base	0.00	16,858	19,353	0	(25,202)*	0.00	14,686	19,316	0	(27,126)*
DP 51 - Adjustment for Statewide Personal Services	0.00	(29,303)	0	0	36,391*	0.00	(27,582)	0	0	37,825*
DP 52 - Adjustment for Statewide Operations	0.00	(307)	(41)	0	(348)	0.00	169	(11)	0	158
DP 402 - MCE Overtime and Inmate Pay	0.00	52,500	30,000	0	114,500*	0.00	52,500	30,000	0	114,500*
DP 403 - MCE Additional Spending Authority	0.00	0	500,000	0	600,000*	0.00	0	500,000	0	600,000*
Total Other Present Law Adjustments	0.00	\$39,748	\$549,312	\$0	\$725,341*	0.00	\$39,773	\$549,305	\$0	\$725,357*
Grand Total All Present Law Adjustments	0.00	\$22,890	\$529,959	\$0	\$750,543*	0.00	\$25,087	\$529,989	\$0	\$752,483*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 3% for all positions.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 402 - MCE Overtime and Inmate Pay - The legislature approved funding for staff overtime and inmate pay.

DP 403 - MCE Additional Spending Authority - The legislature approved state special revenue to purchase additional merchandise for the canteen.

New Proposals

New Proposals										
Fiscal 2014					Fiscal 2015					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 420 - Move Funding to Proprietary Rates										
04	(4.00)	0	0	0	(732,486)*	(4.00)	0	0	0	(732,199)*
Total	(4.00)	\$0	\$0	\$0	(\$732,486)*	(4.00)	\$0	\$0	\$0	(\$732,199)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 420 - Move Funding to Proprietary Rates - The legislature reduced all funding from the Vocational Education - Proprietary sub-program as the proprietary rates provide authority for the same purpose.

Proprietary Rates**Proprietary Program Description**

The Montana Correctional Enterprises Program provides the following functions funded with proprietary funds. These programs are described below along with a discussion of the program revenues, expenses, and rates being requested to finance the programs:

- Prison Ranch
- Industries
- Vocational Education
- Food Factory
- License Plate Operations

Prison Ranch – Fund 06033*Proprietary Program Description*

The proprietary program consists of the ranch operation located near the Montana State Prison in Deer Lodge and includes cattle, crops, feedlot, land management, dairy milking parlor, dairy processing, heifer reproduction, and lumber processing activities.

Expenses

Personal services funds 21.50 FTE. The largest operating expenses for the program include items such as feed, grain, gasoline, diesel fuel, and veterinary supplies. The cost of these supplies varies with general economic conditions.

Revenues

Revenues for this program are derived primarily from the sale of raw milk and livestock. Additionally, a small amount of revenue is generated through logging. Revenues vary depending upon general economic conditions that impact commodity prices.

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program.

MSP Institutional Industries – Fund 06034*Proprietary Program Description*

This proprietary program consists of the furniture, upholstery, print, sign, and laundry operations at the Montana State Prison facility.

Expenses

The expenses are split almost equally between personal services for 21.00 FTE and operating expenses. The largest categories of operating expenses for the program include items related to furniture manufacturing and shop supplies.

Revenues

Revenues are derived primarily from the sale of merchandise (furniture and signs) and charges for laundry services. In FY 2012 about \$935,000 of revenue was derived from furniture sales and upholstery work to state agencies and the private sector and \$433,000 was derived from the provision of laundry services to Montana State Prison (MSP) and Montana State Hospital (MSH).

Proprietary Rates

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program.

MCE Food Factory – Fund 06573*Proprietary Program Description*

This proprietary program consists of food processing and creation of trayed meals and products that are sold to other facilities of the agency and the Montana State Hospital at Warm Springs.

Expenses

The expenses include personal services for 21.00 FTE and operating expenses, with the bulk of the funding supporting operating costs. The largest category of operating cost is raw materials, which includes the various grocery type items needed to prepare meals.

Revenues

Revenues are derived from the sale of meals to facilities. The largest customer is MSP.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The rates approved for this program are listed in Section R of HB 2 and were not changed from those requested.

Vocational Education – Fund 06545*Proprietary Program Description*

This proprietary program consists of the motor vehicle maintenance shop.

Expenses

The expenses are split between personal services (4.00 FTE) and operating expenses, with about one-third of the budget supporting personal services and the remaining two-thirds supporting operating costs. The largest category of operating expense for the program is merchandise.

Revenues

Revenues are derived primarily from motor vehicle maintenance completed for MSP and the prison ranch.

Proprietary Rates

This program is funded with an internal service type proprietary fund. As such, the legislature approves the maximum rates the program may charge for its services. The rates approved for this program are listed in Section R of HB 2 and were not changed from those requested.

MCE License Plate – Fund 06572*Proprietary Program Description*

This proprietary program consists of license plate manufacturing.

Expenses

The expenses for this program include personal services for 2.50 FTE and operating expenses, with the bulk of the funding supporting operating costs for materials used in the production of license plates.

Revenues

Revenues are derived from the sale of license plates to the Department of Justice. The Department of Justice pays for the license plates with fee revenue collected from license plate sales.

Proprietary Rates

The rates approved by the legislature are the maximum the program may charge during the biennium. They are not the rates the program must charge. The rates approved for this program are listed in Section R of HB 2 and were not changed from those requested.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	202.35	202.35	201.35	201.35	202.35	201.35	(1.00)	(0.49%)
Personal Services	10,664,340	10,891,106	10,945,513	10,957,178	21,555,446	21,902,691	347,245	1.61%
Operating Expenses	2,373,517	2,245,738	2,479,386	2,396,966	4,619,255	4,876,352	257,097	5.57%
Equipment & Intangible Assets	0	0	0	0	0	0	0	n/a
Benefits & Claims	2,330,087	2,940,542	2,080,087	2,080,087	5,270,629	4,160,174	(1,110,455)	(21.07%)
Transfers	3,459,909	2,848,231	3,459,909	3,459,909	6,308,140	6,919,818	611,678	9.70%
Debt Service	20,877	20,933	20,877	20,877	41,810	41,754	(56)	(0.13%)
Total Costs	\$18,848,730	\$18,946,550	\$18,985,772	\$18,915,017	\$37,795,280	\$37,900,789	\$105,509	0.28%
General Fund	17,961,315	18,077,597	17,887,983	17,817,228	36,038,912	35,705,211	(333,701)	(0.93%)
State Special	871,410	853,560	1,081,784	1,081,784	1,724,970	2,163,568	438,598	25.43%
Federal Special	16,005	15,393	16,005	16,005	31,398	32,010	612	1.95%
Total Funds	\$18,848,730	\$18,946,550	\$18,985,772	\$18,915,017	\$37,795,280	\$37,900,789	\$105,509	0.28%

Program Description

The Youth Services Division is responsible for all state operated youth programs including Pine Hills Youth Correctional Facility for males located in Miles City, Riverside Youth Correctional Facility for females in Boulder, Youth Community Corrections including Juvenile Parole, interstate compact services for probation and parole, reentry services, transition centers, detention licensing, and transportation. Additional responsibilities include research, training, and administrative support services.

Program Highlights

Youth Services Division Major Budget Highlights	
♦	The 2015 biennium budget is nearly equivalent to the 2013 biennium budget
♦	The legislature made the following offsetting adjustments: <ul style="list-style-type: none"> ▪ Staff overtime and inmate pay was approved ▪ Funding was approved to replace doors at the Riverside Youth Correctional Facility • Annual 1% provider rate increases were approved for juvenile re-entry service providers • The legislature reduced funding associated with 1.00 FTE that had been vacant for an extended period • Youth placement funds were reduced by \$500,000

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Department Of Corrections Funding by Source of Authority 2015 Biennium Budget - Youth Services						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference
General Fund	\$35,705,211	\$0	\$0	\$35,705,211	94.2%	
State Special Total	\$2,163,568	\$0	\$0	\$2,163,568	5.7%	
02034 Earmarked Alcohol Funds	\$51,046	\$0	\$0	\$51,046	0.1%	
02916 Phs-canteen	\$7,550	\$0	\$0	\$7,550	0.0%	
02927 Phs Donations/i & I	\$1,234,806	\$0	\$0	\$1,234,806	3.3%	
02970 Juvenile Plcmnt Cost Of Care	\$870,166	\$0	\$0	\$870,166	2.3%	
Federal Special Total	\$32,010	\$0	\$0	\$32,010	0.1%	
03530 6901-foster Care 93.658	\$32,010	\$0	\$0	\$32,010	0.1%	
Total All Funds	\$37,900,789	\$0	\$0	\$37,900,789	100.0%	
Percent - Total All Sources	100.0%	0.0%	0.0%			

This division receives about 94% of its support from the general fund. State special revenue, primarily from parental contributions toward the costs of care and interest and income related to Pine Hills school lands, provides about 6% of the division's funding. The division also receives a small amount of federal funds from the Title IV-E Foster Care and Adoption Program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	17,961,315	17,961,315	35,922,630	100.61%	18,848,730	18,848,730	37,697,460	99.46%
Statewide PL Adjustments	(60,334)	(36,954)	(97,288)	(0.27%)	(60,334)	(36,954)	(97,288)	(0.26%)
Other PL Adjustments	22,122	(77,760)	(55,638)	(0.16%)	216,092	116,210	332,302	0.88%
New Proposals	(35,120)	(29,373)	(64,493)	(0.18%)	(18,716)	(12,969)	(31,685)	(0.08%)
Total Budget	\$17,887,983	\$17,817,228	\$35,705,211		\$18,985,772	\$18,915,017	\$37,900,789	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
FTE	Fiscal 2014				FTE	Fiscal 2015			
	General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
Personal Services				398,405					410,372
Vacancy Savings				(442,512)					(442,984)
Inflation/Deflation				(16,227)					(4,342)
Total Statewide Present Law Adjustments	(\$60,334)	\$0	\$0	(\$60,334)		(\$36,954)	\$0	\$0	(\$36,954)
DP 50 - Initial Motion to FY 2012 Base	0.00	60,334	0	60,334	0.00	36,954	0	0	36,954
DP 51 - Adjustment for Statewide Personal Services	0.00	66,521	0	66,521	0.00	78,134	0	0	78,134
DP 52 - Adjustment for Statewide Operations	0.00	(16,227)	0	(16,227)	0.00	(4,342)	0	0	(4,342)
DP 501 - PHYCF Overtime/Holiday Worked	0.00	0	164,120	164,120	0.00	0	164,120	0	164,120
DP 502 - RYCF Overtime/Holiday Worked	0.00	37,567	0	37,567	0.00	37,567	0	0	37,567
DP 503 - YTC Overtime/Holiday Worked	0.00	22,927	0	22,927	0.00	22,927	0	0	22,927
DP 504 - PHYCF Inmate Pay	0.00	0	29,850	29,850	0.00	0	29,850	0	29,850
DP 505 - RYCF Inmate Pay	0.00	1,000	0	1,000	0.00	1,000	0	0	1,000
DP 507 - RYCF Safety and Security OTO/BIEN	0.00	100,000	0	100,000	0.00	0	0	0	0
DP 511 - Youth Placement Funding Reduction	0.00	(250,000)	0	(250,000)	0.00	(250,000)	0	0	(250,000)
Total Other Present Law Adjustments	0.00	\$22,122	\$193,970	\$216,092	0.00	(\$77,760)	\$193,970	\$0	\$116,210
Grand Total All Present Law Adjustments	0.00	(\$38,212)	\$193,970	\$155,758	0.00	(\$114,714)	\$193,970	\$0	\$79,256

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at 3% for all positions, except for nurses and correctional officers that support 24 hour seven days per week shifts at Pine Hills and Riverside Youth Correctional Facilities in which a 2% rate was applied.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 501 - PHYCF Overtime/Holiday Worked - The legislature approved funding for overtime and holidays worked at the base level for the Pine Hills Youth Correctional Facility (PHYCF).

DP 502 - RYCF Overtime/Holiday Worked - The legislature approved funding for overtime and holidays worked at the base level for the Riverside Youth Correctional Facility (RYCF).

DP 503 - YTC Overtime/Holiday Worked - The legislature approved funding for overtime and holidays worked at the base level at the Youth Transitional Center (YTC).

DP 504 - PHYCF Inmate Pay - The legislature approved funding for inmate pay at Pine Hills Youth Correctional Facility. Youth pay restitution to their victims through their work.

DP 505 - RYCF Inmate Pay - The legislature approved funding for inmate pay at the Riverside Youth Correctional Facility. Youth pay restitution to their victims through their work.

DP 507 - RYCF Safety and Security OTO/BIEN - The legislature approved funding for a project to replace doors throughout the Riverside Youth Correctional Facility. The funding was designated as one-time-only, restricted, and biennial.

DP 511 - Youth Placement Funding Reduction - The legislature reduced funding for juvenile placements.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				FTE	Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 509 - PHYCF Vocational Program										
05	0.00	0	16,404	0	16,404	0.00	0	16,404	0	16,404
DP 510 - Juvenile Re-entry Provider Rate Increase										
05	0.00	5,692	0	0	5,692	0.00	11,387	0	0	11,387
DP 512 - Remove Funding for Long-term Vacant Position										
05	(1.00)	(40,812)	0	0	(40,812)	(1.00)	(40,760)	0	0	(40,760)
Total	(1.00)	(\$35,120)	\$16,404	\$0	(\$18,716)	(1.00)	(\$29,373)	\$16,404	\$0	(\$12,969)

DP 509 - PHYCF Vocational Program - The legislature approved state special revenue for the Pine Hill Youth Correctional Facility vocational program.

DP 510 - Juvenile Re-entry Provider Rate Increase - The legislature approved funding for provider rate increases for non-profit providers of juvenile re-entry services of 1% in FY 2014 and an additional 1% in FY 2015.

DP 512 - Remove Funding for Long-term Vacant Position - The legislature removed funding for a correctional officer position at Pine Hills Youth Correctional Facility that had been vacant for an extended period of time.

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EDUCATION

Section E

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Office of Public Instruction
Board of Public Education
School for the Deaf and Blind
Montana Arts Council
State Library Commission
Montana Historical Society

Montana University System (MUS)
Commissioner of Higher Education
Community Colleges
University Units & Colleges of Technology
Agricultural Experiment Station
Montana Extension Service
Forest & Conservation Experiment Station
Bureau of Mines & Geology
Fire Services Training School

-----Committee Members-----

House

Representative Roy Hollandsworth (Chair)
Representative Robert Mehlhoff
Representative Nancy Ballance
Representative Donald Jones
Representative Tom Woods

Senate

Senator Llew Jones
Senator Bradley Hamlett
Senator Taylor Brown
Senator Jonathan Windy Boy

-----Fiscal Division Staff-----

Jim Standaert
Pam Joehler
Rob Miller

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	163.50	163.50	166.00	166.00	163.50	166.00	2.50	1.53%
Estimated Impact of HB 2*			(6.20)	(6.20)		(6.20)	(6.20)	
Net Estimated FTE*			159.80	159.80		159.80	(3.70)	
Personal Services	10,247,829	11,562,314	10,596,658	10,615,211	21,810,143	21,211,869	(598,274)	(2.74%)
Operating Expenses	15,220,553	16,856,170	15,904,145	15,921,645	32,076,723	31,825,790	(250,933)	(0.78%)
Equipment & Intangible Assets	921,444	12,556	966,768	921,444	934,000	1,888,212	954,212	102.16%
Local Assistance	620,260,239	642,976,162	697,121,987	725,234,311	1,263,236,401	1,422,356,298	159,119,897	12.60%
Grants	142,889,668	140,292,700	157,907,123	159,467,123	283,182,368	317,374,246	34,191,878	12.07%
Transfers	1,675,840	1,479,139	2,390,840	2,425,840	3,154,979	4,816,680	1,661,701	52.67%
Total Costs	\$791,215,573	\$813,179,041	\$884,887,521	\$914,585,574	\$1,604,394,614	\$1,799,473,095	\$195,078,481	12.16%
General Fund	622,881,959	645,440,345	700,115,453	728,548,656	1,268,322,304	1,428,664,109	160,341,805	12.64%
State Special	9,571,786	9,572,692	10,593,048	10,293,109	19,144,478	20,886,157	1,741,679	9.10%
Federal Special	158,761,828	158,166,004	174,179,020	175,743,809	316,927,832	349,922,829	32,994,997	10.41%
Total Funds	\$791,215,573	\$813,179,041	\$884,887,521	\$914,585,574	\$1,604,394,614	\$1,799,473,095	\$195,078,481	12.16%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

The Montana Office of Public Instruction provides vision, advocacy, support, and leadership for schools and communities to ensure that all students meet today's challenges and tomorrow's opportunities.

For additional information please refer to the agency profile.

Agency Highlights

Office of Public Instruction Major Budget Highlights	
◆	The biennial all funds budget for OPI increased \$195.1 million, with a general fund increase of \$160.3 million, a state special increase of \$1.7 million, and federal special increase of \$33.0 million. <ul style="list-style-type: none"> • The general fund increase is misleading because it does not include changes in the guarantee account. If those changes are included, the difference is \$106.0 million
◆	The biennial budget for state level activities increased by \$1.4 million or 2.5% as compared to the previous biennium due to numerous adjustments, the largest of which are: <ul style="list-style-type: none"> ▪ Increased funding for the Montana Digital Academy • Statewide present law adjustments ▪ School based health programs
◆	These increases in general fund are partially offset by a reduction in federal funds due to completion of the State Longitudinal Data System

Office of Public Instruction (continued)**Major Budget Highlights**

- ◆ In local education activities, the legislature passed HB 2 and SB 175. In HB 2 there was:
- ◆ A general fund increase above base spending in FY 2012 of \$180.1 million and an increase for all funds of \$213.4 million. Significant present law general fund adjustments in HB 2 include the following:
 - Annualization of entitlements and funding components and adjustments for average number belonging (ANB) to FY 2013 levels, \$32.7 million
 - Inflation of the basic and per-ANB entitlements, \$22.2 million
 - SB 372 reimbursement block grants, \$20.5 million
 - Guarantee account revenue adjustments, \$94.5 million
 - Other categorical adjustments, \$0.7 million
- ◆ Significant general fund new proposals in HB 2 include:
 - Inflation applied to special education and the at-risk payment, \$2.1 million
 - Chapter 55 implementation, \$0.5 million
 - An increase in career and technical education, \$1 million
 - A one-time only payment for school technology, \$1 million
 - Adjustments to HB 2 for impacts of SB 96. SB 96 lowered the tax rate and increased the exemption on business equipment. SB 96 also increased reimbursements to school districts and the county education accounts by \$7.9 million. The resulting general fund GTB savings were estimated to be \$3.1 million. SB 96 changed the line items in HB 2 for reimbursement block grants and for Base Aid by the same amounts respectively
- The legislature added \$15.0 million federal funds for a new striving readers competency and literacy program, along with \$0.8 million administrative costs
 - SB 175 changed school law in a number of ways more fully discussed in the Summary of Legislative Action section of this narrative. Among other impacts, the bill:
 - Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per ANB entitlements only; cost is in HB 2
 - Increases the basic entitlements and creates multiple basic entitlements per district
 - Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond
 - Appropriates \$25.8 million for aspects of the bill except the change to the basic entitlements
 - Transfers \$22.9 million from the state general fund ending fund balance in FY 2013 to a new state special account; half of that is transferred each year to the guarantee account to pay for the increase in the basic entitlement
 - Appropriates \$22.3 in excess oil and gas revenue from a new oil and gas distribution account to pay for districts that are eligible because of oil and gas development impacts but that have no or little oil and gas revenues

Summary of Legislative Action

SB 175

SB 175 contained several changes to the K-12 funding system:

- BASE Aid Additions
 - Data for achievement payment - \$10 per ANB in FY 2014, \$15 per ANB in FY 2015, and \$20 per ANB thereafter. The data for achievement payment is deposited in the district general fund and is added to a district's base and maximum budgets. It has no local match. It is to be used by a school district to pay for access fees or other costs associated with participation in the statewide data system administered by OPI or comparable system operated by a private vendor.
 - Natural resource development payment (NRD) - \$3 million in FY 2015, thereafter an amount sufficient to offset increases in base taxes caused by changes in the per-ANB and basic entitlements. This level will be in effect until the NRD payment reaches 50% of the amount of oil and gas revenue deposited in the state general fund in FY 2012 (i.e. 50% of \$98.3 million), after which the NRD payment is fixed at that amount. The NRD payment is above direct state aid and offsets base taxes and GTB. It is not added to the base budget or the maximum budget.
- Inflation – the bill:
 - Applies the statutorily defined inflation factors (0.89% in FY 2014 and 2.08% in FY 2015) to the per-ANB entitlements; the appropriation for this is in HB 2
 - Directs that the superintendent shall propose statutorily defined inflation adjustments to the quality educator payment, the achievement gap payment, the Indian education for all payment, and the at risk payment beginning in FY 2016
- New Basic Entitlement
 - Under previous law each district had one basic entitlement. Under SB 175 multiple basic entitlements are available. Each district is allowed at least one basic entitlement. For elementary districts the first 250 budgeted ANB receive one basic entitlement; for middle school it is 450 ANB and for high school 800 ANB. Elementary districts receive additional basic entitlements for each 250 ANB, middle school for each 450 ANB, and high school for each 800 ANB. The second and subsequent basic entitlement increments are rounded up to the nearest tenth. The dollar value of the basic entitlement for FY 2014 through FY 2016 is as follows:

New K-12 basic Entitlement			
Level of District	FY 2014	FY 2015	FY 2016
Elementary, 1 st increment	\$40,000	\$ 40,000	\$50,000
Elementary 2 nd & subsequent increment	\$20,000	\$20,000	\$25,000
Middle School 1 st increment	\$80,000	\$80,000	\$100,000
Middle school 2 nd and subsequent incr	\$40,000	\$40,000	\$50,000
High School 1 st Increment	\$290,000	\$290,000	\$300,000
High School 2 nd and subsequent incr.	\$120,000	\$120,000	\$150,000

- ANB and Enrollment Issues
 - ANB will be calculated from three enrollment counts (the first Monday in October, December, and February compared with two counts under previous law
 - Anticipated unusual enrollment increases will be funded with state direct state aid and GTB when the year to year enrollments increase by the smaller of 4% or 40 students. The additional state aid will be paid for the number of students in excess of these limits. Previous state aid was allowed for unusual enrollment increases of 6% or more

- Oil and Gas Revenue Issues
 - For all years in the future the maximum in oil and gas revenue a district may retain is 130% of its maximum budget
 - For fiscal years 2014 through 2016 districts with maximum budgets of less than \$1.5 million may retain 150% of their maximum budgets in oil and gas revenue
 - For all years in the future a district must budget in its general fund the lesser of 25% of its prior year receipts of oil and gas revenue or the general fund net levy requirement. The district may budget 50% of its 25% below the base budget and 50% in the over-base area. The remaining 75% may be budgeted in any budgeted fund. These provisions do not apply if the district has:
 - A budget of \$1 million or less
 - A maximum budget that exceeds 105% of the combination of its adopted budget plus its oil and gas revenue
 - A maximum budget of \$1 million or more has had an unusual enrollment increase in the prior year
 - Issued oil and natural gas as revenue bonds; the district may apply all of its oil and gas revenue to payment of the bonds' debt service for the next 12-month period
 - If the district has an unusual enrollment increase in the prior year, the limit on oil retention by a district (either 130% or 150%) may be increased by \$45,000 times the additional ANB for one year
 - The excess oil and gas revenue not allowed to be retained by a school district must be sent to the state for deposit in a new oil and gas distribution account. OPI will distribute money from this account to districts that qualify under the concentric circles provisions of SB 175
 - Concentric circles – From FY 2014 through FY 2016, districts that overlap or are contiguous to districts that have excess oil and gas revenue from horizontally completed wells within the last 3 years, but have no or little oil and gas revenue, will receive oil and gas revenue from the oil and gas distribution account in a “concentric circle” pattern, with those further away having lower priority. A concentric circle eligible district may receive up to 130% of its maximum budget from OPI through this account. The distribution to neighboring districts within a county or within a neighboring county will continue until the amount of money in the distribution account is exhausted or all eligible districts have been filled to 130% of their maximum budgets. If there is any money left over in the distribution account it must be distributed 70% to the guarantee account, 25% to the county school oil and natural gas impact account, and 5% to the state school oil and natural gas impact account. After FY 2016, the concentric circle districts will no longer receive funds from the oil and gas distribution account, and the excess oil and gas revenue is distributed 70% to the guarantee account, 25% to the county school oil and natural gas impact account and 5% to the state school oil and natural gas impact account
- Oil and Gas Revenue Bonds – SB 175 allows districts to sell revenue bonds backed by oil and gas revenues as long as the debt limits in 20-9-406, MCA are met. The bonds may not exceed 3 times the annual amount of oil and gas revenues. The debt service on the bonds may not exceed 35% the total oil and gas revenue received in the preceding year. If in any year oil and gas revenues are not sufficient to pay the debt service a district may levy a tax deficiency levy
- Ending Fund Balances – Previous law required that by July 1, 2016 the combined ending fund balances of all budgeted funds except the building reserve fund, the debt service fund, and the bus depreciation fund not exceed 300% of a district's maximum budget. SB 175 changes this date to July 1, 2020
- County school oil and natural gas impact account – 80% of any money distributed from this account must be distributed based on quality educators in a district
- Excess interest and income in the guarantee account – The amount of interest and income that may be used for direct state aid in any year is capped at \$56 million. Any interest and income above that amount is called excess interest and income. Excess interest and income must be distributed to all school districts. 50% must be distributed on a quality educator basis and 50% must be reserved in the guarantee account for later appropriation by the legislature as part of the natural resource development payment. The amount distributed on a quality educator basis must be deposited in the miscellaneous programs fund and be used for repairs categorized as safety, damage mitigation, and code requirements as specified in the facilities condition inventory prepared by the Montana Department of Administration pursuant to section 1, Chapter 1, Special Laws of December 2005

- Borrowing Mill Levy Authority – a district may increase its general fund over-base budget levy without a vote of the people if the district simultaneously reduces the budget levy by a like amount in another non-voted fund. The ongoing authority for the non-voted increase in the over-base budget levy must be decreased to the extent that the district imposes any increase in other non-voted property tax levies
- New Data Task Force – SB 175 creates a task force to review, monitor, and provide input to the Office of Public Instruction to enhance the statewide k-12 data system
- Transfer of state general fund ending fund balance before June 30, 2013 – SB 175 transfers \$22,950,178 from the state general fund to a new state special holding account. There will be transferred from this new account \$11,475,089 in FY 2014 and again in FY 2015 to the guarantee account to pay for the increased costs of the new basic entitlement
- Appropriations – There are three appropriations in SB 175: 1) \$25.8 million to cover the additional costs other than the basic entitlement; 2) \$22.3 million from the new oil and gas distribution account to distribute oil and gas revenue to the concentric circle eligible districts; and 3) \$13,522 from the state general fund to OPI for costs associated with the new data task force

The table below shows the financial impact of SB 175.

SB175 - Fiscal Note As the Bill Left the House in Millions			
04/17/13			
Provision	FY 2014 Cost	FY 2015 Cost	Biennial Cost
Inflation (0.89% in FY 2014; 2.08% in FY 2015)	In SB 175 but is Present Law, See Below		
Inflation on 5 Components (Starts in FY 2016)	-	-	-
Data for Achievement Payment (\$10 per ANB FY14, \$15, FY15, then \$20 in FY16)	\$1.474	\$2.211	\$3.685
Basic Entitlement (Elem: \$40k; MS: \$80k; HS: \$290k) With Multiple BE's	11.582	10.983	22.565
Natural Resource Development K-12 Funding Payment			
NRD Payment - State Cost	-	3.000	3.000
NRD Payment - GTB Savings	-	(1.500)	(1.500)
Excess Interest and Income above \$56 million	-	-	-
Require districts to budget only 25% of oil and gas revenue	0.807	0.825	1.632
Count Students 3 times a year	-	0.449	0.449
Unusual Enrollment Increase of the lower of 4% or 40 ANB	2.249	2.328	4.577
Share Excess Oil and Gas with Neighboring Districts	8.194	7.402	15.596
Implementation Costs	0.250	0.250	0.500
Total Cost	\$24.556	\$25.948	\$50.504
Appropriation - General Fund for Base Aid			25.800
Transfer Ending Fund Balance at end of FY 2013 to SS to pay for basic entitlement, pay out of GA			22.950
Appropriation for K-12 data task force			0.014
Total Appropriations to pay for SB 175			\$48.764
Appropriation from new State Oil and Gas Distribution Fund, Revenue. This appropriation is excess oil and gas money that would have been deposited in the guarantee account and the two impact accounts under previous law. The loss of this money from the guarantee account is included in the \$25.8 million general fund appropriation			
			\$22.300

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 6.20 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Office Of Public Instruction Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$1,428,664,109	\$0	\$0	\$1,428,664,109	74.5%
State Special Total	20,886,157	-	114,133,518	135,019,675	7.0%
Federal Special Total	349,922,829	-	-	349,922,829	18.2%
Proprietary Total	-	4,422,656	-	4,422,656	0.2%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$1,799,473,095</u>	<u>\$4,422,656</u>	<u>\$114,133,518</u>	<u>\$1,918,029,269</u>	
Percent - Total All Sources	93.8%	0.2%	6.0%		

Almost 94% of the total budget is appropriated in HB 2. Non-budgeted proprietary funds support the centralized services functions and are discussed in the State Level Activities Program. Statutory appropriations are from the guarantee account for distribution to schools and are discussed in the Local Education Activities Program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	622,881,959	622,881,959	1,245,763,918	87.20%	791,215,573	791,215,573	1,582,431,146	87.94%
Statewide PL Adjustments	179,648	195,139	374,787	0.03%	336,068	356,640	692,708	0.04%
Other PL Adjustments	74,436,679	97,872,597	172,309,276	12.06%	81,979,435	106,975,304	188,954,739	10.50%
New Proposals	2,617,167	7,598,961	10,216,128	0.72%	11,356,445	16,038,057	27,394,502	1.52%
Total Budget	\$700,115,453	\$728,548,656	\$1,428,664,109		\$884,887,521	\$914,585,574	\$1,799,473,095	

Other Legislation

HB 3 – HB 3 is the supplemental bill. The Local Education Activities Program in OPI had two supplementals for FY 2013. The first was due to the veto of HB 316 from the 2011 legislative session, which left the general fund short in paying for BASE Aid. This supplemental was \$39.9 million. The second supplemental was due to a shortage during the 2011 session in the amount of reimbursement block grants that were appropriated in response to the business equipment tax cuts. This supplemental was for \$3.7 million.

HB 39 – HB 39 clarifies several provisions in law instituted by SB 329 from the 2011 legislative session. HB 39:

- Eliminates the current law distribution of excess school district fund balance payments to the state school oil and gas impact account (5%) and the county school oil and gas impact fund (25%) in 20-9-104. HB 39 continues the allocation of 70% of the monies to the guarantee account, but redirects 30% of the monies to the school facility

and technology account. It is expected that the impact accounts will lose \$55,107 per year starting in FY 2014 and the school facility and technology account will realize revenue of the same amount

- Eliminates the July 1, 2016 sunset that a district must remit to the state ending fund balances in excess of 15% of its maximum general fund budget.
- States that within 120 days following the end of the fiscal year, the Department of Revenue shall determine if the criteria for distribution of the county school oil and natural gas impact fund, including the average price for a barrel of oil as reported in the Wall Street Journal for west Texas intermediate crude oil price per barrel during a calendar quarter, have been met. The legislature did not appropriate any money from this account in the 2015 biennium.

SB 96 – SB 96 reduces taxes on class 8 business equipment by: 1) raising the exemption from \$20,000 to \$100,000 and allowing all taxpayers to claim the exemption; and 2) raising the threshold at which the tax rate of 1.5% applies from \$3 million in market value to \$6 million in market value. The new provisions are expected to begin January 1, 2014.

SB 96 reimburses local jurisdictions for their loss of revenue. For counties, cities, and TIF districts the reimbursements will begin in May of 2014 (\$3.785 million) for property that is not liened to real property. A full year's reimbursement (\$5.941 million) will take place in FY 2015. School districts and the county education accounts will receive all their reimbursement in FY 2015 (\$7.932 million). Of this amount, \$3.0 million is one-time only.

The reimbursements to the school district general fund and the county retirement funds will save guaranteed tax base in each of these funds. The revised fiscal note estimates that the total GTB savings will be \$1.778 million.

SB 96 contains two changes to appropriations in HB 2. SB 96: 1) increases reimbursement block grants in HB 2 by \$7,931,716 in FY 2015; and 2) reduces BASE Aid for the GTB savings by \$3,053,710.

HB 377 – HB 377 alters certain provisions relating to the retirement of members of the Teachers' Retirement System (TRS). HB 377 raises the employer contribution by 1% starting in FY 2014 and an additional 0.1% for each year thereafter for 10 years. As a result, school districts will see their TRS contributions increase and the state will see its retirement guaranteed tax base cost increase. The bill contains appropriations to OPI for the increase in retirement GTB of \$2,061,932 for FY 2014 and \$2,370,191 for FY 2015.

HB 377 also reduces the amount of reserved ending fund balance districts may carry forward each year in their retirement funds. Previous law allowed up to 35% of a district's final retirement fund budget for the ensuing school fiscal year. In HB 377, this limit was dropped to 20%. This will free up \$14.7 million that will be deposited in the TRS fund.

HB 454 – HB 454 alters certain provisions relating to the retirement of members of the Public Employees Retirement System (PERS). HB 454 raises the employer contribution by 1% starting in FY 2014 and an additional 0.1% for each year thereafter for 10 years. As a result, school districts will see their PERS contributions increase and the state will see its retirement guaranteed tax base cost increase. The bill contains appropriations to OPI for the increase in retirement GTB of \$377,500 for FY 2014 and \$431,750 for FY 2015.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	163.50	165.50	166.00	0.50	165.50	166.00	0.50	
Estimated Impact of HB 2*			(6.20)	(6.20)		(6.20)	(6.20)	
Net Estimated FTE*			159.80	(5.70)		159.80	(5.70)	
Personal Services	10,247,829	10,637,504	10,596,658	(40,846)	10,656,589	10,615,211	(41,378)	(82,224)
Operating Expenses	15,220,553	15,655,590	15,904,145	248,555	15,657,077	15,921,645	264,568	513,123
Equipment & Intangible Assets	921,444	921,444	966,768	45,324	921,444	921,444	0	45,324
Local Assistance	620,260,239	697,908,478	697,121,987	(786,491)	717,494,806	725,234,311	7,739,505	6,953,014
Grants	142,889,668	157,907,123	157,907,123	0	159,467,123	159,467,123	0	0
Transfers	1,675,840	1,975,840	2,390,840	415,000	1,975,840	2,425,840	450,000	865,000
Total Costs	\$791,215,573	\$885,005,979	\$884,887,521	(\$118,458)	\$906,172,879	\$914,585,574	\$8,412,695	\$8,294,237
General Fund	622,881,959	701,105,034	700,115,453	(989,581)	720,706,853	728,548,656	7,841,803	6,852,222
State/Other Special	9,571,786	9,597,379	10,593,048	995,669	9,597,446	10,293,109	695,663	1,691,332
Federal Special	158,761,828	174,303,566	174,179,020	(124,546)	175,868,580	175,743,809	(124,771)	(249,317)
Total Funds	\$791,215,573	\$885,005,979	\$884,887,521	(\$118,458)	\$906,172,879	\$914,585,574	\$8,412,695	\$8,294,237

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislature appropriated a general fund budget for OPI that is \$6.8 million above the executive, and \$8.3 million above the executive for all funds. The following summarizes the changes in general fund.

The local education activities program is above the executive by \$5.2 million and the state level activities program is above the executive by \$1.6 million, as shown in the table below.

Comparison of Executive OPI Budget and Final Legislative Action - 2015 Biennium - General Fund				
		Executive Recommendation	Legislative Recommendation	Difference
General Fund	Distribution to Schools Program			
	Present Law Adjustments			
	PL901 - K-12 Base Aid - Annualization	\$32,700,182	\$32,700,182	\$0
	PL902 - K-12 Base Aid - Inflationary Increase	22,213,959	22,213,959	0
	PL950 - Guarantee Account - Lower Revenue	86,102,670	94,516,164	8,413,494
	PL915 - School Block Grants - SB 372	20,500,730	20,500,730	0
	Other Present Law Adjustments	<u>692,123</u>	<u>692,123</u>	<u>0</u>
	Total Present Law Adjustments	<u>\$162,209,664</u>	<u>\$170,623,158</u>	<u>\$8,413,494</u>
	New Proposals			
	NP 2 - Special Education Inflation	\$0	\$1,615,296	\$1,615,296
	NP 2 - GTB Associated w/ Special Ed	0	325,322	325,322
	NP 2 - At Risk Inflation	0	193,926	193,926
	NP 905 - Chapter 55 Professional Development & Stipends (OTO/RST)	0	500,000	500,000
	NP 914 - Career and Technical Education	0	1,000,000	1,000,000
	NP 976 - School Technology (OTO)	6,000,000	1,000,000	(5,000,000)
	NP 975 - Increase Quality Educator Payment, then inflate	6,673,030	0	(6,673,030)
	NP996 - Adjust Reimbursement Block Grants for SB96	0	7,931,716	7,931,716
	NP996 - Adjust Base Aid for SB 96	<u>0</u>	<u>(3,053,710)</u>	<u>(3,053,710)</u>
	Total New Proposals - Distribution to Schools	\$12,673,030	\$9,512,550	-\$3,160,480
	Total General Fund Adjustments - Distribution to Schools	<u>\$174,882,694</u>	<u>\$180,135,708</u>	<u>\$5,253,014</u>
General Fund	State Level Activities			
	PL 607 - Montana Digital Academy	\$600,000	\$1,465,000	\$865,000
	PL 616 - National Board Certified Teachers	\$4,000	84,000	30,000
	PL 626 - Audiological Services	136,372	136,372	0
	New Proposals			
	NP 54 - 2% Vacancy Savings	0	(173,351)	(173,351)
	NP 606 - Chapter 55 Amendments to School Accreditations	0	181,306	181,306
	NP 612 - Disaster Recovery and Data System Maintenance	0	175,800	175,800
	NP 622 - Staffing for OPI Information Systems	0	304,139	304,139
	NP 628 - School Based Mental Health (OTO)	<u>0</u>	<u>215,684</u>	<u>215,684</u>
	Total State Level Activities - General Fund	<u>\$790,372</u>	<u>\$2,388,950</u>	<u>\$1,598,578</u>
	Total OPI Budget, General Fund - Comparison of Executive with Legislative Recommendation	\$175,673,066	\$182,524,658	\$6,851,591

Present Law Adjustments

The legislature includes present law adjustments for local education activities of \$170.6 million, \$8.4 million above the executive. This difference is due entirely to general fund added due to lower expected guarantee revenue as a result of lower expected oil and gas bonus payments.

The legislature increased present law adjustments in the state level activities program. The executive proposed an increase of \$600,000 in the Montana digital academy. The legislature includes \$1.5 million due to higher expected enrollment. The executive proposed \$54,000 in stipends for national board certified teachers. The legislature appropriated \$84,000.

New Proposals

The legislature funds \$3.2 million less than the executive in new proposals in the local education activities program, and \$1.6 million more than the executive in the state level activities program.

In the local education activities program, the executive proposed \$6 million in one-time only funds for school technology and \$6.7 million for an increase in the quality educator payment of \$240 in FY 2014 and inflation in FY 2015. The legislature includes only \$1 million in one-time only technology for school districts. The legislature made no change to the current quality educator payment.

In addition, the legislature added the following new proposals in local education activities, totaling \$8.5 million: 1) inflation for special education and the at-risk payment - \$2.1 million; 2) Chapter 55 professional development and stipends - \$0.5 million; 3) career and technical education - \$1 million; 4) an adjustment to reimbursement block grants for the passage of SB 96 - \$7.9 million; and 5) an adjustment to BASE Aid for reduced GTB due to reimbursements in SB 96 - \$3.1 million.

The executive proposed no new initiatives in the state level activities program in the general fund. The legislature funded four new proposals totaling \$703,578. They are: 1) 2% vacancy savings, (\$-173,351); 2) money to implement Chapter 55 amendments to school accreditation - \$181,306; 2) disaster recovery and data system maintenance - \$175,800; 3) staffing for OPI's information system - \$304,139; and 4) funding for a mental health coordinator - \$215,684.

Language and Statutory Authority

The legislature passed the following language in HB 2:

“OPI Administration includes a reduction in general fund of \$86,615 in fiscal year 2014 and \$86,736 in fiscal year 2015, state special revenue of \$4,331 in fiscal year 2014 and \$4,337 in fiscal year 2015, and federal special revenue of \$125,592 in fiscal year 2014 and \$125,768 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans.”

“The office of public instruction may distribute funds from the appropriation for In-state Treatment to public school districts for the purpose of providing for educational costs of children with significant behavioral or physical needs.”

“All revenue up to \$1.8 million in the state traffic education account for distribution to schools under the provisions of 20-7-506 and 61-5-121, MCA, is appropriated as provided in Title 20, chapter 7, part 5, MCA.”

“All appropriations for federal special revenue appropriations in state level activities and in local education activities and all general fund appropriations in local education activities are biennial.”

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	163.50	163.50	166.00	166.00	163.50	166.00	2.50	1.53%
Personal Services	10,247,829	11,562,314	10,596,658	10,615,211	21,810,143	21,211,869	(598,274)	(2.74%)
Operating Expenses	13,912,344	15,735,335	14,596,007	14,613,481	29,647,679	29,209,488	(438,191)	(1.48%)
Equipment & Intangible Assets	921,444	12,556	966,768	921,444	934,000	1,888,212	954,212	102.16%
Transfers	1,168,000	1,168,000	1,883,000	1,918,000	2,336,000	3,801,000	1,465,000	62.71%
Total Costs	\$26,249,617	\$28,478,205	\$28,042,433	\$28,068,136	\$54,727,822	\$56,110,569	\$1,382,747	2.53%
General Fund	9,874,513	9,904,346	11,246,328	11,267,181	19,778,859	22,513,509	2,734,650	13.83%
State Special	235,786	236,692	257,048	257,109	472,478	514,157	41,679	8.82%
Federal Special	16,139,318	18,337,167	16,539,057	16,543,846	34,476,485	33,082,903	(1,393,582)	(4.04%)
Total Funds	\$26,249,617	\$28,478,205	\$28,042,433	\$28,068,136	\$54,727,822	\$56,110,569	\$1,382,747	2.53%

Program Description

The State Level Activities program provides leadership, programs and services to support Montana's students, families, educators and public schools. The program includes the Office of the State Superintendent and supports Montana public education through the following functions; career and technical education, measurement and accountability, health enhancement and safety, special education, Indian education, school finance, educational opportunity and equity, centralized services and information and technology. The Montana Digital Academy (MTDA) is budgeted within OPI but is administered through the University of Montana. The Superintendent of Public Instruction or a designee sits on the governing board of the MTDA.

Program Highlights

Office of Public Instruction State Level Activities
Major Budget Highlights

- ◆ The biennial budget increases by \$1.4 million or 2.5% as compared to the previous biennium.
 - ◆ General fund increases by \$2.7 million due primarily to;
 - Increased funding for the Montana Digital Academy (\$1.5 million),
 - Implementation of new accreditation standards (\$181,000 / 1.0 FTE),
 - IT projects and systems maintenance (\$350,000 / 1.5 FTE),
 - Teacher stipends (\$84,000),
 - School based health programs (\$352,000),
 - Statewide present law adjustments (\$375,000)
 - Additional, additional vacancy savings applied by legislature (\$173,000).
 - ◆ Federal funds decrease by \$1.4 million due primarily to the completion of the State Longitudinal Data System, which was funded through federal grants.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Office Of Public Instruction Funding by Source of Authority 2015 Biennium Budget - State Level Activities							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$22,513,509	\$0	\$0	\$22,513,509	37.2%		
State Special Total	\$514,157	\$0	\$0	\$514,157	0.8%		
02001 School Lunch Program	\$200,990	\$0	\$0	\$200,990	0.3%		
02402 Traffic & Safety Education	\$313,167	\$0	\$0	\$313,167	0.5%		
Federal Special Total	\$33,082,903	\$0	\$0	\$33,082,903	54.7%		
03002 Public Instruction	\$33,082,903	\$0	\$0	\$33,082,903	54.7%		
Proprietary Total	\$0	\$4,422,656	\$0	\$4,422,656	7.3%		
06067 Advanced Drivers Education	\$0	\$275,634	\$0	\$275,634	0.5%		
06512 Indirect Cost Pool	\$0	\$4,147,022	\$0	\$4,147,022	6.9%		
Total All Funds	\$56,110,569	\$4,422,656	\$0	\$60,533,225	100.0%		
Percent - Total All Sources	92.7%	7.3%	0.0%				

Over half of the program is funded with federal funds. Federal revenue is the portion of federal grants received by the department for those administrative costs related to federal education initiatives, including curriculum development, special education, K-12 education, and vocational programs. General fund accounts for 37%, which is used primarily for administrative cost with the exception of those funds designated for the operation of the Montana Digital Academy. State special revenue comes from the revenues paid to the department for shipping, handling, and other related costs for the school lunch program. Traffic and safety funds are a percentage of driver's license fees.

The following table provides HB 2 funding by function sorted by general fund.

Office of Public Instruction 2015 Biennium Budget by Agency Function						
	General Fund	State Special Revenue	Federal Special Revenue	Biennium Total	Percent of General Fund	Percent of Total Budget
Superintendents Office	\$5,140,762		\$6,081,849	\$11,222,611	22.8%	20.0%
Montana Digital Academy	3,801,000			3,801,000	16.9%	6.8%
Accreditation Division	2,470,235		1,090,740	3,560,975	11.0%	6.3%
Information Technology Services	2,357,962		2,961,241	5,319,203	10.5%	9.5%
Indian Education	2,264,947		242,022	2,506,969	10.1%	4.5%
State Distribution To Schools	1,645,553			1,645,553	7.3%	2.9%
Measurement And Accountability	1,612,436		656,193	2,268,629	7.2%	4.0%
Legal Services	1,058,442			1,058,442	4.7%	1.9%
Special Education	998,719		8,708,423	9,707,142	4.4%	17.3%
Career Technical & Adult Education	561,143		1,750,633	2,311,776	2.5%	4.1%
Curriculum Services	407,624		159,742	567,366	1.8%	1.0%
Health Enhancement And Safety	194,686	514,157	3,450,477	4,159,320	0.9%	7.4%
Educational Opportunity And Equity			\$7,981,583	\$7,981,583	0.0%	14.2%
Grand Total	<u>\$22,513,509</u>	<u>\$514,157</u>	<u>\$33,082,903</u>	<u>\$56,110,569</u>	<u>100.0%</u>	<u>100.0%</u>
	40%	1%	59%	100%		

Program Narrative

The budget includes an increase of 2.5 FTE at a total cost of \$0.5 million personal services and related operating expenses:

- o 1.5 FTE to manage and maintain data systems related to Montana's Statewide Longitudinal Education Data System

- 1.0 FTE accreditation specialist to assist school districts in implementing the new accreditation standards that go into effect July 2013.

Funding for these FTE is one-time-only and will not be included in the base budget for the next biennium.

The Montana Digital Academy (MTDA) provides middle school and high school students the opportunity to take classes online. Course enrollment is forecast to grow at an annual rate of 17.6% over the biennium. The budget contains a transfer of \$3.8 million general fund to the University of Montana to administer the MTDA, of which \$2.3 million is base funding and \$1.5 million is one-time-only funding to cover the expected growth.

One-time-only funding for school based health care programs added \$0.35 million general fund. The funds cover inflationary costs related to audiological testing for K-12 students and funds to contract for school based mental health coordination services.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	9,874,513	9,874,513	19,749,026	87.72%	26,249,617	26,249,617	52,499,234	93.56%
Statewide PL Adjustments	179,719	195,184	374,903	1.67%	336,139	356,685	692,824	1.23%
Other PL Adjustments	810,489	875,513	1,686,002	7.49%	811,535	876,510	1,688,045	3.01%
New Proposals	381,607	321,971	703,578	3.13%	645,142	585,324	1,230,466	2.19%
Total Budget	\$11,246,328	\$11,267,181	\$22,513,509		\$28,042,433	\$28,068,136	\$56,110,569	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
FTE	-----Fiscal 2014-----				-----Fiscal 2015-----				Total Funds
	General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds	
Personal Services				712,242					732,295
Vacancy Savings				(433,075)					(433,881)
Inflation/Deflation				5,053					12,507
Fixed Costs				51,919					45,764
Total Statewide Present Law Adjustments	\$179,719	\$25,593	\$130,827	\$336,139	\$195,184	\$25,660	\$135,841	\$356,685	
DP 50 - Initial Motion to FY 2012 Base	0.00	(179,719)	(25,593)	(130,827)	0.00	(195,184)	(25,660)	(135,841)	(356,685)
DP 51 - Adjustment for Statewide Personal Services	0.00	413,940	19,876	(154,649)	0.00	422,648	20,073	(144,307)	298,414
DP 52 - Adjustment for Statewide Operations	0.00	13,409	178	44,734	0.00	14,762	252	44,581	59,595
DP 53 - Base Funding Switch	0.00	(247,327)	5,539	241,788	0.00	(241,899)	5,335	236,564	0
DP 607 - Montana Digital Academy (Rst/OTO/Bien)	0.00	715,000	0	715,000	0.00	750,000	0	0	750,000
DP 616 - National Board Certified Teachers (Rst/OTO)	0.00	27,000	0	27,000	0.00	57,000	0	0	57,000
DP 626 - Audiological Services (Rst/OTO/Bien)	0.00	68,186	0	68,186	0.00	68,186	0	0	68,186
Total Other Present Law Adjustments	0.00	\$810,489	\$0	\$1,046	0.00	\$875,513	\$0	\$997	\$876,510
Grand Total All Present Law Adjustments	0.00	\$990,208	\$25,593	\$131,873	0.00	\$1,070,697	\$25,660	\$136,838	\$1,233,195

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment establishes a fund switch between fund types to fund base operations.

DP 607 - Montana Digital Academy (Rst/OTO/Bien) - The legislature approved an increase of general fund totaling \$1,465,000 for the biennium. This increase is to address the growing enrollment in the courses offered by the Montana Digital Academy.

DP 616 - National Board Certified Teachers (Rst/OTO) - The legislature approved general fund to provide for stipends to Montana teachers who achieve certification from the National Board for Professional Teaching Standards per 20-4-134, MCA.

DP 626 - Audiological Services (Rst/OTO/Bien) - The legislature approved an increase of \$136,372 general fund for the 2015 biennium to fund increased contract costs of the statewide program.

New Proposals

-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
06	0.00	(86,615)	(4,331)	(125,592)	(216,538)	0.00	(86,736)	(4,337)	(125,768)	(216,841)
DP 606 - Chpt. 55 Amendments to School Accred (Rst/OTO)										
06	1.00	92,513	0	0	92,513	1.00	88,793	0	0	88,793
DP 621 - Disaster Recovery and Data Syst. Maint. (Rst/OTO)										
06	0.00	110,562	0	0	110,562	0.00	65,238	0	0	65,238
DP 622 - Staffing OPI Information Sys. (OTO)										
06	1.50	155,422	0	0	155,422	1.50	148,717	0	0	148,717
DP 627 - Striving Readers State Admin (Rst/Bien/OTO)										
06	0.00	0	0	393,458	393,458	0.00	0	0	393,458	393,458
DP 628 - School Based Mental Health (OTO)										
06	0.00	109,725	0	0	109,725	0.00	105,959	0	0	105,959
Total	2.50	\$381,607	(\$4,331)	\$267,866	\$645,142	2.50	\$321,971	(\$4,337)	\$267,690	\$585,324

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 606 - Chpt. 55 Amendments to School Accred (Rst/OTO) - The legislature approved \$181,306 of general fund for the 2015 biennium to assist Montana school district personnel regarding the implementation of new rules of Chapter 55 Standards of Accreditation. The appropriation includes personal services and operating budgets for 1.0 FTE accreditation specialists.

DP 621 - Disaster Recovery and Data Syst. Maint. (Rst/OTO) - The legislature approved \$175,800 one-time-only and restricted general fund for the 2015 biennium to build disaster recovery capabilities and pay for ongoing maintenance of existing systems.

DP 622 - Staffing OPI Information Sys. (OTO) - The legislature approved \$304,139 general fund for 1.50 FTE positions and related operating expenses to support the management of Growth and Enhancement of Montana Students (GEMS), Terms of Employment, Accreditation, and Master Schedule (TEAMS) and Achievement in Montana (AIM).

DP 627 - Striving Readers State Admin (Rst/Bien/OTO) - The legislature approved \$786,916 federal funds for the 2015 biennium for the agency to administer and provide technical assistance to K-12 school district sub-grantees receiving Striving Readers Comprehensive Literacy Grants under the Montana Striving Readers Project (MSRP). MSRP is a statewide collaborative effort to improve literacy from birth through grade 12.

DP 628 - School Based Mental Health (OTO) - The legislature approved general fund of \$109,725 in FY 2014 and \$105,959 in FY 2015 for the Office of Public Instruction to contract for services to coordinate School Based Mental Health programs. The appropriation for the Developmental Services Division in the Department of Public Health and Human Services was reduced by a like amount to provide the funding. Total funding for the biennium is \$215,684 general fund.

Proprietary Rates

Proprietary Program Description

Indirect Cost Pool

OPI's internal service fund is used to pool internal and statewide central service type costs that are charged back to all of the department's state and federally funded programs using a pre-approved indirect cost rate (17%).

The indirect cost pool covers the expenses incurred by the 22.3 FTE who provide payroll, personnel, accounting, budgeting, data management, financial reporting, and purchasing and mail services to the rest of the agency. The rate also covers fees charged for services provided by other departments, including but not limited to warrant writing, worker's compensation fees, audit fees, rent, and grounds maintenance. The pool also covers termination payouts for all staff, except the superintendent and the superintendent's staff.

Indirect Cost Pool Budget				
	Actual FY 2012 Base	FY 2014 Budget Request	FY 2015 Budget Request	Biennial Budget 2014 - 2015
FTE	22.27	22.27	22.27	22.27
61000 Personal Services	\$1,707,013	\$1,293,909	\$1,296,160	\$3,485,367
62000 Operating Costs	<u>752,020</u>	<u>819,430</u>	<u>737,523</u>	<u>1,569,919</u>
Total Cost	<u>\$2,459,033</u>	<u>\$2,113,339</u>	<u>\$2,033,683</u>	<u>\$4,147,022</u>

Advanced Driver Education program

The Advanced Driver Education program (D.R.I.V.E.) is a seasonal, hands-on, behind-the-wheel crash avoidance program operated by the Health Enhancement and Safety Division of OPI at a training facility in Lewistown. The one-day and half-day refresher courses provide training to school bus drivers, driver education teachers, state employees, ambulance drivers, firefighters, road crews, and others who drive as a part of their employment. In operation since 1979, this program offers its services to employees of government services, fleet managers, and the general public.

All costs for the program are covered by fees charged to participants. Expenses include instructor expenses (salaries, travel, and per diem), vehicle maintenance and operating expenses (fuel and repairs), classroom and track supplies, track lease, program advertising, and administration (planning, scheduling, registrations, advertising, professional development of staff, and support services).

Advanced Driver Education Budget			
	FY 2014	FY 2015	Biennial Budget
FTE	1.68	1.68	1.68
61000 Personal Services	\$73,519	\$73,464	\$146,983
62000 Operating Costs	52,270	52,405	\$104,675
63000 Equipment & Intangibles	<u>11,988</u>	<u>11,988</u>	<u>\$23,976</u>
Total Cost	<u>\$137,777</u>	<u>\$137,857</u>	<u>\$275,634</u>

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Personal Services	0	0	0	0	0	0	0	n/a
Operating Expenses	1,308,209	1,120,835	1,308,138	1,308,164	2,429,044	2,616,302	187,258	7.71%
Local Assistance	620,260,239	642,976,162	697,121,987	725,234,311	1,263,236,401	1,422,356,298	159,119,897	12.60%
Grants	142,889,668	140,292,700	157,907,123	159,467,123	283,182,368	317,374,246	34,191,878	12.07%
Transfers	507,840	311,139	507,840	507,840	818,979	1,015,680	196,701	24.02%
Total Costs	\$764,965,956	\$784,700,836	\$856,845,088	\$886,517,438	\$1,549,666,792	\$1,743,362,526	\$193,695,734	12.50%
General Fund	613,007,446	635,535,999	688,869,125	717,281,475	1,248,543,445	1,406,150,600	157,607,155	12.62%
State Special	9,336,000	9,336,000	10,336,000	10,036,000	18,672,000	20,372,000	1,700,000	9.10%
Federal Special	142,622,510	139,828,837	157,639,963	159,199,963	282,451,347	316,839,926	34,388,579	12.18%
Total Funds	\$764,965,956	\$784,700,836	\$856,845,088	\$886,517,438	\$1,549,666,792	\$1,743,362,526	\$193,695,734	12.50%

Program Description

The Local Education Activities Program is used by OPI to distribute state and federal funds to local education agencies.

Program Highlights

Office of Public Instruction – Local Education Activities
Major Budget Highlights

The legislature passed HB 2 and SB 175. Both funded local education activities. In HB 2 there was:

- ◆ A general fund increase above base of \$180.1 million in local education activities.
- ◆ An increase for all funds of \$213.4 million in the local education activities program.
- ◆ Significant present law general fund adjustments in HB 2 include the following:
 - Annualization of entitlements and funding components and adjustments for ANB to FY 2013 levels, \$32.7 million
 - Inflation of the basic and per-ANB entitlements of \$22.2 million
 - SB 372 reimbursement block grants, \$20.5 million
 - Guarantee account revenue adjustments, \$94.5 million
 - Other categorical adjustments, \$0.7 million
- ◆ Significant general fund new proposals in HB 2 include:
 - Inflation applied to special education and the at-risk payment, \$2.1 million
 - Chapter 55 implementation, \$0.5 million
 - An increase in career and technical education, \$1 million, contingent on HB 86
 - A one-time only payment for school technology, \$1 million
 - Adjustments to HB 2 for impacts of SB 96. SB 96 lowered the tax rate and increased the exemption on business equipment. SB 96 also increased reimbursements to school districts and the county education accounts by \$7.9 million. The resulting general fund GTB savings were estimated to be \$3.1 million. SB 96 changed the line items in HB 2 for reimbursement block grants and for Base Aid by the same amounts respectively.

Office of Public Instruction – Local Education Activities (Continued)
Major Budget Highlights

- The legislature added \$15.0 million federal funds for a new striving readers competency and literacy program, along with \$0.8 million administrative costs

In addition to a number of statutory changes, SB 175:

- ◆ Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per-ANB entitlements only; cost is in HB 2
- ◆ Increases the basic entitlements and creates multiple basic entitlements per district
- ◆ Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond
- ◆ Appropriates \$25.8 million for aspects of the bill except the change to the basic entitlements
- ◆ Transfers \$22.9 million from the state general fund ending fund balance in FY 2013 to a new state special account; half of that is transferred each year to the guarantee account to pay for the increase in the basic entitlement
- ◆ Appropriates \$22.3 in excess oil and gas revenue from a new oil and gas distribution account to pay for districts that are eligible because of oil and gas development impacts but that have no or little oil and gas revenues

Program Narrative

Comparison to 2013 Biennium

The main table does not give an accurate reflection of the actual increase in general fund between biennia for two reasons:

- 1) The guarantee account which pays for Base Aid is not shown, and
- 2) The general fund appropriated for the 2013 biennium assumed the passage of HB 316, which increased the revenue going to the guarantee account, thereby reducing the amount of general fund required to fund BASE Aid in HB 2. When the Governor vetoed the bill, the legislature was required to pass a general fund supplemental of almost \$39.9 million, in FY 2013, but this is not shown in the table above.

The following table shows both the general fund and the guarantee account, and adjusts FY 2013 to reflect the supplemental appropriation required due to the veto of HB 316.

Biennial Comparison for OPI - Distribution to Schools - State GF (HB 2) and Guarantee Account.				
	General Fund	Guarantee Account	SB 175	Total
2012	\$613.01	\$103.37	\$0.00	\$716.38
2013	\$679.12	\$65.50	\$0.00	\$744.62
2014	\$688.87	\$57.47	\$25.80	\$772.14
2015	\$717.28	\$54.67	\$22.95	\$794.90
2013 Biennium	\$1,292.12	\$168.87	\$0.00	\$1,460.99
2015 Biennium	\$1,406.15	\$112.13	\$48.75	\$1,567.03
Biennial Difference	\$114.03	(\$56.74)	\$48.75	\$106.04
Biennial Percent Growth	8.8%	-33.6%		7.3%

SB 175

SB 175 changed school law in a number of ways. The bill:

- Applies statutory inflation - 0.89% in FY 2014 and 2.08% in FY 2015 to per-ANB entitlements only; Cost is in HB 2
- Increases the basic entitlements and creates multiple basic entitlements per district
- Creates new data for achievement payment of \$10 per ANB in FY 2014, \$15 per ANB in FY 2015 and \$20 per ANB in FY 2016 and beyond
- Creates a data task force
- Counts students three times per year compared with two times under previous law
- Pays state share for anticipated unusual enrollment increases from one year to the next of at least 4% or 40 students
- Shares excess oil and gas retained by state with districts that have enrollment impacts but no direct oil and gas revenue
- Starting in FY 2015 creates a natural resource development payment
- Caps the amount of interest and income in the guarantee account that may be used for direct state aid; 50% of excess I&I is reserved for appropriation in the following session and 50% is distributed to school districts on quality educator basis to be used for maintenance and repairs
- Allows districts to sell revenue bonds backed by oil and gas revenue
- Appropriates \$25.8 million for aspects of the bill except the change to the basic entitlements
- Transfers \$22.9 million from the state general fund ending fund balance in FY 2013 to a new state special account; half of that is transferred each year to the guarantee account to pay for the increase in the basic entitlement
- Appropriates \$22.3 million in excess oil and gas revenue from a new oil and gas distribution account to pay for districts that are eligible because of oil and gas development impacts but that have no or little oil and gas revenues

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Office Of Public Instruction Funding by Source of Authority 2015 Biennium Budget - Local Education Activities							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,406,150,600	\$0	\$0	\$1,406,150,600	75.7%		
State Special Total	\$20,372,000	\$0	\$114,133,518	\$134,505,518	7.2%		
02018 Guarantee Fund	\$0	\$0	\$112,133,518	\$112,133,518	6.0%		
02218 School Facility Imprvmnt Acct	\$17,172,000	\$0	\$2,000,000	\$19,172,000	1.0%		
02402 Traffic & Safety Education	\$1,500,000	\$0	\$0	\$1,500,000	0.1%		
02584 State School Oil & Gas Impact Acct	\$1,700,000	\$0	\$0	\$1,700,000	0.1%		
Federal Special Total	\$316,839,926	\$0	\$0	\$316,839,926	17.1%		
03170 Grant Clearance Discretionary	\$316,839,926	\$0	\$0	\$316,839,926	17.1%		
Total All Funds	\$1,743,362,526	\$0	\$114,133,518	\$1,857,496,044	100.0%		
Percent - Total All Sources	93.9%	0.0%	6.1%				

HB 2 Distribution to Schools, General Fund, State Special, and Federal Funds							
Description	Base Budget 2012	PL Base Adjustments Fiscal 2014	New Proposals Fiscal 2014	Total Fiscal 2014	PL Base Adjustments Fiscal 2015	New Proposals Fiscal 2015	Total Fiscal 2015
Base Aid Summary	\$601,287,856	\$21,139,312	\$70,399	\$622,497,567	\$33,803,980	(\$2,798,787)	\$632,293,049
HB 2 General Fund	\$497,963,015	\$66,996,557	\$70,399	\$565,029,971	\$82,462,899	(\$2,798,787)	\$577,627,127
Guarantee Account (statutory appropriation)	\$103,324,841	(\$45,857,245)	\$0	\$57,467,596	(\$48,658,919)	\$0	\$54,665,922
HB 2 General Fund							
Base Aid							
Direct State Aid	\$284,387,890	\$58,094,840	\$0	\$342,482,730	\$69,267,622	\$0	\$353,655,512
GTB - School General Fund	140,621,720	5,173,714	70,399	145,865,833	8,443,453	(2,798,787)	146,266,386
GTB - School Retirement	28,690,929	3,970,463	0	32,661,392	5,001,811	0	33,692,740
Quality Educator	37,836,280	(793,660)	0	37,042,620	(793,660)	0	37,042,620
Indian Ed for All	3,009,641	(2,956)	0	3,006,685	(1,722)	0	3,007,919
Close Achievement Gap	3,226,800	542,600	0	3,769,400	527,800	0	3,754,600
School District Audits	189,755	11,556	0	201,311	17,595	0	207,350
At Risk Payment	5,000,000	0	44,500	5,044,500	0	149,426	5,149,426
Special Education	41,596,065	51,266	370,661	42,017,992	51,266	1,244,635	42,891,966
Transportation	12,216,253	100,000	0	12,316,253	200,000	0	12,416,253
Instate Treatment	775,372	12,428	0	787,800	12,428	0	787,800
Career and Technical Education	1,000,000	0	500,000	1,500,000	0	500,000	1,500,000
Adult Basic Ed	524,998	2	0	525,000	2	0	525,000
Gifted & Talented	250,000	0	0	250,000	0	0	250,000
School Food	663,861	0	0	663,861	0	0	663,861
Reimbursement Block Grants	52,164,499	6,404,631	0	58,569,130	14,169,926	7,931,716	74,266,141
State Tuition Payments	712,614	73,044	0	785,658	112,327	0	824,941
Advancing Agricultural Education in Montana	140,769	(11,809)	0	128,960	(11,809)	0	128,960
Chapter 55 Prof Development & Stipends (OTO/RST)	0	0	250,000	250,000	0	250,000	250,000
School Technology (OTO/RST)	0	0	1,000,000	1,000,000	0	0	0
Total General Fund	\$613,007,446	\$73,626,119	\$2,235,560	\$688,869,125	\$96,997,039	\$7,276,990	\$717,281,475
State Special Revenue							
Traffic Safety Distribution	\$750,000	\$0	\$0	\$750,000	\$0	\$0	\$750,000
Sch Facility & Technology Account - Debt Service	\$8,586,000	\$0	\$0	\$8,586,000	\$0	\$0	\$8,586,000
State School Oil and Gas Impact Account (2584)	\$0	\$0	\$1,000,000	\$1,000,000	\$0	\$700,000	\$700,000
Total State Special	\$9,336,000	\$0	\$1,000,000	\$10,336,000	\$0	\$700,000	\$10,036,000
General Fund Appropriations in Bills other than HB 2							
HB 454 - PERS Pension Bill - Retirement GTB	\$0	\$0	\$377,500	\$377,500	\$0	\$431,750	\$431,750
HB 377 - TRS Pension Bill - Retirement GTB	\$0	\$0	\$2,061,932	\$2,061,932	\$0	\$2,370,191	\$2,370,191
Subtotal - Base Aid In Pension Bills	\$0	\$0	\$2,439,432	\$2,439,432	\$0	\$2,801,941	\$2,801,941
SB 175 - Base Aid (Biennial)	\$0	\$0	\$25,800,000	\$25,800,000	\$0	\$0	\$0
State Special Revenue Appropriations in Other Bills							
SB 175 - Oil & Gas Dist Acct - Concentric Circles (Biennial)	\$0	\$0	\$22,300,000	\$22,300,000	\$0	\$0	\$0
Funding							
Total General Fund	\$613,007,446	\$73,626,119	\$2,235,560	\$688,869,125	\$96,997,039	\$7,276,990	\$717,281,475
Total State Special	9,336,000	0	1,000,000	10,336,000	0	700,000	10,036,000
Total Federal	142,622,510	7,541,710	7,475,743	157,639,963	9,101,710	7,475,743	159,199,963
Total Distribution to Public Schools	\$764,965,956	\$81,167,829	\$10,711,303	\$856,845,088	\$106,098,749	\$15,452,733	\$886,517,438
Statutory Appropriations							
Guarantee Account - Direct State Aid	\$103,324,841	(\$45,857,245)	\$0	\$57,467,596	(\$48,658,919)	\$0	\$54,665,922
Guarantee Account - SB 175 - Loss of Excess Oil and Gas	\$0	\$0	(\$8,194,684)	(\$8,194,684)	\$0	(\$7,402,843)	(\$7,402,843)
Guarantee Account - DSA - SB 175 - Basic Entitlement			\$11,475,089	\$11,475,089	\$0	\$11,475,089	\$11,475,089
School Facility and Technology Account - Timber for Tots	1,000,000	0	0	1,000,000	0	0	1,000,000
Total Statutory	\$104,324,841	(\$45,857,245)	\$3,280,405	\$61,748,001	(\$48,658,919)	\$4,072,246	\$59,738,168

Federal Appropriations for OPI Program 9 in HB 2							
	Base Budget 2012	PL Base Adjustments Fiscal 2014	New Proposals Fiscal 2014	Total Fiscal 2014	PL Base Adjustments Fiscal 2015	New Proposals Fiscal 2015	Total Fiscal 2015
Federal Special Revenue							
Federal School Foods Programs	33,908,716	1,579,287	-	35,488,003	3,089,287	-	36,998,003
ESEA - Title I - Improving Basic Program - Disadvantaged	42,895,975	3,136,584	-	46,032,559	3,136,584	-	46,032,559
ESEA - Title I - Achievement	1,754,518	-	-	1,754,518	-	-	1,754,518
ESEA - Title I - School Improvement	213,000	-	-	213,000	-	-	213,000
ESEA - Title I - Migrant Education	913,664	1,348	-	915,012	1,348	-	915,012
ESEA - Title I - Neglected & Delinquent	124,923	-	-	124,923	-	-	124,923
ESEA - Title I - Part B - Even Start	74,348	(74,348)	-	-	(74,348)	-	-
ESEA - Title I - SIG 1003G	924,439	2,075,561	-	3,000,000	2,075,561	-	3,000,000
ESEA Title II - Teacher & Principal Training	12,912,385	-	-	12,912,385	-	-	12,912,385
ESEA Title II - Math & Science	768,678	1,322	-	770,000	1,322	-	770,000
ESEA Title II - Part D - Ed Technology	395,779	(395,779)	-	-	(395,779)	-	-
ESEA Title III-Language Acquisition	657,833	-	-	657,833	-	-	657,833
ESEA Title IV - Part B - 21st Cent Schools	5,520,646	79,354	-	5,600,000	129,354	-	5,650,000
ESEA Title IV - Drug Free Schools	69,220	(69,220)	-	-	(69,220)	-	-
Title VI - Rural Low Income	224,356	644	-	225,000	644	-	225,000
IDEA - Children w/ Disabilities Part B	35,825,753	1,174,247	-	37,000,000	1,174,247	-	37,000,000
IDEA - Preschool	1,195,409	4,591	-	1,200,000	4,591	-	1,200,000
IDEA - Part D	134,641	359	-	135,000	359	-	135,000
Adult Basic Education	1,004,183	5,817	-	1,010,000	5,817	-	1,010,000
Carl Perkins	2,831,914	29,860	-	2,861,774	29,860	-	2,861,774
Carl Perkins State Leadership	38,226	-	-	38,226	-	-	38,226
Learn and Serve Montana	10,098	(10,098)	-	-	(10,098)	-	-
Education of Homeless Children	147,819	2,181	-	150,000	2,181	-	150,000
Migrant Incentive	75,987	-	-	75,987	-	-	75,987
Striving Readers Comp Literacy (RST\Bien\OTO)			7,475,743	7,475,743		7,475,743	7,475,743
Total Federal Special	\$142,622,510	\$7,541,710	\$7,475,743	157,639,963	\$9,101,710	\$7,475,743	159,199,963

The following table shows the projected average number belonging (ANB) through the 2015 biennium. As shown, K-8 are expected to increase slightly, while 9-12 continues to decline.

Average Number Belonging (ANB) And Certified FTE in Montana Schools									
Fiscal Year	K-6	Percent Change	7-8	Percent Change	9-12	Percent Change	Total	Percent Change	Certified FTE
Current Year ANB									
A	1998	85,374	27,068		51,432		163,874		
A	1999	83,030	-2.7%	26,822	-0.9%	51,885	0.9%	161,737	-1.3%
A	2000	81,175	-2.2%	26,556	-1.0%	52,025	0.3%	159,756	-1.2%
A	2001	79,854	-1.6%	26,114	-1.7%	51,507	-1.0%	157,475	-1.4%
A	2002	78,090	-2.2%	25,537	-2.2%	50,794	-1.4%	154,421	-1.9%
A	2003	76,060	-2.6%	25,080	-1.8%	50,357	-0.9%	151,497	-1.9%
A	2004	74,315	-2.3%	25,150	0.3%	50,003	-0.7%	149,468	-1.3%
A	2005	73,229	-1.5%	24,956	-0.8%	49,466	-1.1%	147,651	-1.2%
A	2006	71,985	-1.7%	24,540	-1.7%	49,302	-0.3%	145,827	-1.2%
A	2007	71,639	-0.5%	23,805	-3.0%	48,809	-1.0%	144,253	-1.1%
A	2008	76,118	6.3%	23,041	-3.2%	48,440	-0.8%	147,599	2.3%
A	2009	77,047	1.2%	22,618	-1.8%	47,502	-1.9%	147,167	-0.3%
A	2010	77,575	0.7%	22,241	-1.7%	46,152	-2.8%	145,968	-0.8%
A	2011	78,292	0.9%	22,053	-0.8%	44,984	-2.5%	145,329	-0.4%
A	2012	79,128	1.1%	21,947	-0.5%	44,247	-1.6%	145,322	0.0%
A	2013	80,046	1.2%	22,146	0.9%	43,626	-1.4%	145,818	0.3%
F	2014	80,782	0.9%	22,228	0.4%	43,683	0.1%	146,693	0.6%
F	2015	81,257	0.6%	22,593	1.6%	43,323	-0.8%	147,173	0.3%
Budgeted ANB									
A	2006	73,573		25,242		50,082		148,897	
A	2007	72,763	-1.1%	24,643	-2.4%	49,612	-0.9%	147,018	-1.3%
A	2008	76,826	5.6%	24,076	-2.3%	49,246	-0.7%	150,148	2.1%
A	2009	77,753	1.2%	23,353	-3.0%	48,642	-1.2%	149,748	-0.3%
A	2010	78,325	0.7%	22,874	-2.1%	47,660	-2.0%	148,859	-0.6%
A	2011	78,973	0.8%	22,510	-1.6%	46,482	-2.5%	147,965	-0.6%
A	2012	79,769	1.0%	22,290	-1.0%	45,466	-2.2%	147,525	-0.3%
A	2013	80,650	1.1%	22,457	0.7%	44,598	-1.9%	147,705	0.1%
F	2014	82,371	2.1%	22,523	0.3%	44,074	-1.2%	148,968	0.9%
F	2015	82,595	0.3%	22,717	0.9%	43,337	-1.7%	148,649	-0.2%
Beginning in FY 2006, budgeted ANB for each district is the larger of current year ANB and three-year averaged ANB.									
Full-time kindergarten began in FY 2008									

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	613,007,446	613,007,446	1,226,014,892	87.19%	764,965,956	764,965,956	1,529,931,912	87.76%
Statewide PL Adjustments	(71)	(45)	(116)	0.00%	(71)	(45)	(116)	0.00%
Other PL Adjustments	73,626,190	96,997,084	170,623,274	12.13%	81,167,900	106,098,794	187,266,694	10.74%
New Proposals	2,235,560	7,276,990	9,512,550	0.68%	10,711,303	15,452,733	26,164,036	1.50%
Total Budget	\$688,869,125	\$717,281,475	\$1,406,150,600		\$856,845,088	\$886,517,438	\$1,743,362,526	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Inflation/Deflation					(71)					(45)
Total Statewide Present Law Adjustments										
		(\$71)	\$0	\$0	(\$71)		(\$45)	\$0	\$0	(\$45)
DP 50 - Initial Motion to FY 2012 Base	0.00	71	0	0	71	0.00	45	0	0	45
DP 52 - Adjustment for Statewide Operations	0.00	(71)	0	0	(71)	0.00	(45)	0	0	(45)
DP 901 - K-12 BASE Aid - Annualization (Bien)	0.00	16,034,188	0	0	16,034,188	0.00	16,665,994	0	0	16,665,994
DP 902 - K-12 BASE Aid - Inflationary Increase (Bien)	0.00	5,093,568	0	0	5,093,568	0.00	17,120,391	0	0	17,120,391
DP 912 - Special Education - MOE (Bien)	0.00	51,266	0	0	51,266	0.00	51,266	0	0	51,266
DP 915 - SB 372 Block Grant Reimbursements (Bien)	0.00	6,375,365	0	0	6,375,365	0.00	14,125,365	0	0	14,125,365
DP 917 - School District Audit Filing Fees (Bien)	0.00	11,556	0	0	11,556	0.00	17,595	0	0	17,595
DP 918 - Pupil Transportation (Bien)	0.00	100,000	0	0	100,000	0.00	200,000	0	0	200,000
DP 919 - State Tuition Payments (Bien)	0.00	73,044	0	0	73,044	0.00	112,327	0	0	112,327
DP 920 - Countywide School Transport Block Grants (Bien)	0.00	29,266	0	0	29,266	0.00	44,561	0	0	44,561
DP 932 - Federal Grant Award Adjustment - Pgm 09 (Bien)	0.00	0	0	7,541,710	7,541,710	0.00	0	0	9,101,710	9,101,710
DP 933 - General Fund Appropriation Adjustments (Bien)	0.00	692	0	0	692	0.00	666	0	0	666
DP 950 - Guarantee Account (Bien)	0.00	45,857,245	0	0	45,857,245	0.00	48,658,919	0	0	48,658,919
Total Other Present Law Adjustments	0.00	\$73,626,190	\$0	\$7,541,710	\$81,167,900	0.00	\$96,997,084	\$0	\$9,101,710	\$106,098,794
Grand Total All Present Law Adjustments	0.00	\$73,626,119	\$0	\$7,541,710	\$81,167,829	0.00	\$96,997,039	\$0	\$9,101,710	\$106,098,749

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the base adjustment the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 901 - K-12 BASE Aid - Annualization (Bien) - The legislature approved \$32.3 million general fund to annualize K-12 BASE Aid to the FY 2013 level of funding in the 2015 biennium.

DP 902 - K-12 BASE Aid - Inflationary Increase (Bien) - The legislature approved \$22.2 million general fund for the present law inflationary adjustment for K-12 BASE Aid for the 2015 biennium. The present law adjustment increases the basic and per-ANB entitlements by 0.89% in FY 2014 and by 2.03% in FY 2015 in accordance with 20-9-326, MCA, which requires annual inflation-related adjustments to the basic and per-ANB entitlements.

DP 912 - Special Education - MOE (Bien) - The legislature approved \$102,532 for the 2015 biennium to meet the MOE requirements of the IDEA.

DP 915 - SB 372 Block Grant Reimbursements (Bien) - The legislature approved \$20.5 million for the 2015 biennium to provide reimbursement to school districts through the block grant program established under 15-1-123(3), MCA, and reimbursement to county school retirement and county transportation for the reduction of class eight property tax revenue due to a rate reduction of class eight properties as per SB 372 of the 2011 session.

DP 917 - School District Audit Filing Fees (Bien) - The legislature approved \$29,151 of general fund for the 2015 biennium to fund school district audit filing fees. This increase would allow OPI to pay fees to the Department of Administration as required by 2-7-514(2), MCA. The projection assumes school district revenues, which are the basis for the fees, will increase 3% each year.

DP 918 - Pupil Transportation (Bien) - The legislature approved \$300,000 of general fund for the 2015 biennium to fund the state obligation for pupil transportation required under 20-10-145, MCA. This amount is matched by county property taxes.

DP 919 - State Tuition Payments (Bien) - The legislature approved \$185,371 of general fund for the 2015 biennium to fund the increased costs of state tuition payments to K-12 school districts. This request funds OPI's statutory obligation for tuition payments under 20-5-324, MCA, for students placed in a school district outside their district of residence by a state agency or court at \$712,614 in FY 2014 and \$824,941 in FY 2015. Tuition obligations are projected to increase an average of 5% each year.

DP 920 - Countywide School Transport Block Grants (Bien) - The legislature approved \$73,827 for the 2015 biennium to cover the 0.76% increase in countywide school transportation block grants as described in 20-9-632, MCA. During the FY 2011 legislative session, the annual 0.76% increase was eliminated for school district block grants in 20-9-630, MCA. However, the annual increase still applies to the countywide school transportation block grants but was not appropriated for in FY 2012 and FY 2013. Funding for this increase is included in the supplemental bill passed by the legislature for the 2013 biennium.

DP 932 - Federal Grant Award Adjustment - Pgm 09 (Bien) - The legislature approved a federal funding increase of \$7.54 million in FY 2014 and \$9.1 million in FY 2015 for a total biennial increase of \$16.6 million. The following federal grant awards are adjusted: 1) School Foods - \$1.6 million in FY 2014 and \$3.1 million in FY 2015; 2) Title programs - \$2.7 million in FY 2014 and FY 2015; 3) School Improvement grants - \$2.1 million in each year; 4) IDEA B - \$1.2 million each year; and 5) miscellaneous grants - \$34,689 each year.

DP 933 - General Fund Appropriation Adjustments (Bien) - The legislature approved a general fund increase for instate treatment, adult basic education, and a reduction to the advancing agriculture education base.

DP 950 - Guarantee Account (Bien) - The legislature approve a biennial increase of \$94.5 million general fund expenditures and a decrease of a like amount of guarantee account expenditures for BASE aid. This decision package aligns estimated revenues with proposed expenses for the special revenue guarantee account (20-9-622, MCA). The 2012 base included \$27.4 million in transfers from other funds and other one-time revenues that are not ongoing sources for this

fund. The guarantee account is statutorily appropriated for distribution to school districts through school equalization aid and is the first source of funding for K-12 BASE Aid.

New Proposals

New Proposals		Fiscal 2014				Fiscal 2015			
		General Fund	State Special	Federal Special	Total Funds	General Fund	State Special	Federal Special	Total Funds
DP 2 - Special Ed/ At Risk/GTB									
09	0.00	485,560	0	0	485,560	0.00	1,648,984	0	1,648,984
DP 905 - Chpt. 55 Prof. Dvlp.and Stipends (Rst/OTO)									
09	0.00	250,000	0	0	250,000	0.00	250,000	0	250,000
DP 914 - Career and Technical Education									
09	0.00	500,000	0	0	500,000	0.00	500,000	0	500,000
DP 928 - Striving Readers Comp Literacy (Rst/Bien/OTO)									
09	0.00	0	0	7,475,743	7,475,743	0.00	0	7,475,743	7,475,743
DP 976 - School Technology (OTO/Rst)									
09	0.00	1,000,000	0	0	1,000,000	0.00	0	0	0
DP 996 - SB96 Reimbursements and GTB Impact									
09	0.00	0	0	0	0	0.00	4,878,006	0	4,878,006
DP 92584 - State School Oil and Gas Impact Account									
09	0.00	0	1,000,000	0	1,000,000	0.00	0	700,000	700,000
Total	0.00	\$2,235,560	\$1,000,000	\$7,475,743	\$10,711,303	0.00	\$7,276,990	\$700,000	\$7,976,990

DP 2 - Special Ed/ At Risk/GTB - The legislature appropriated \$2.13 million general fund for the 2015 biennium to increase special education payments and At-Risk payments by the statutory inflation rates of 0.89% in FY 2014 and 2.08% in FY 2015. The increases will be \$370,661 in FY 2014 and \$1,244,635 in FY 2015 for special education; GTB increases of \$70,399 in FY 2014 and \$254,923 in FY 2015; and \$44,500 in FY 2014 and FY 149,426 in FY 2015 for At-Risk payments.

DP 905 - Chpt. 55 Prof. Dvlp.and Stipends (Rst/OTO) - The legislature appropriated \$0.5 million of general fund for the 2015 biennium for the implementation of the revisions of Chapter 55 of the Montana Accreditation Standards. The funding will be used for stipends and professional development for mentors and mentees.

DP 914 - Career and Technical Education - The legislature approved \$1.0 million general fund for the 2015 biennium to support Career and Technical Student Organizations (CTSO), expand their mission to reach more students to increase graduation rates, develop employer demanded soft skills, and create a career and college ready work force that meets the needs of today's technical economy.

DP 928 - Striving Readers Comp Literacy (Rst/Bien/OTO) - The legislature approved \$15.0 million of federal funding for the 2015 biennium to implement the Montana Striving Readers Project (MSRP). The purpose of the MSRP is to further develop and implement a Montana Literacy Plan that makes provisions for literacy at all age/grade levels. The plans are aligned to Montana Standards for English Language Arts and Montana Early Learning Guidelines.

DP 976 - School Technology (OTO/Rst) - An appropriation of \$1.0 million one-time-only in FY 2014 will be made to K-12 schools' technology acquisition and depreciation fund in the same manner as the distributions in 20-9-534(2), MCA.

DP 92584 - State School Oil and Gas Impact Account - The legislature appropriated \$1.7 million from the state school oil and gas impact account to fund schools that are not receiving oil and natural gas production taxes under 15-36-331, MCA but are impacted by contiguous counties that are benefiting from receipt of oil and natural gas production taxes as per 20-9-517, MCA. School districts may apply to the superintendent of public instruction for funds from the account for circumstances that are directly related to impacts resulting from the development or cessation of development of oil and natural gas.

Language and Statutory Authority

The legislature included the following language in HB 2.

“The office of public instruction may distribute funds from the appropriation for in-state treatment to public school districts for the purpose of providing educational costs of children with significant behavioral or physical needs.”

“All revenue up to \$1.8 million in the traffic education account for distribution to schools under the provisions of 20-7-506 and 62-5-121 is appropriated as provided in Title 20, chapter 7, part 5.”

“All appropriations for federal special revenue programs in state level activities and in local education activities and all general fund appropriations in local education activities are biennial.”

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	313,107	300,687	281,072	281,395	613,794	562,467	(51,327)	(8.36%)
Operating Expenses	80,960	107,886	94,273	77,941	188,846	172,214	(16,632)	(8.81%)
Debt Service	1,782	1,782	1,782	1,782	3,564	3,564	0	0.00%
Total Costs	\$395,849	\$410,355	\$377,127	\$361,118	\$806,204	\$738,245	(\$67,959)	(8.43%)
General Fund	215,806	222,033	209,128	192,932	437,839	402,060	(35,779)	(8.17%)
State Special	180,043	188,322	167,999	168,186	368,365	336,185	(32,180)	(8.74%)
Total Funds	\$395,849	\$410,355	\$377,127	\$361,118	\$806,204	\$738,245	(\$67,959)	(8.43%)

Agency Description

The Montana Constitution in Article X, Section 9 created and empowered the Board of Public Education (BPE) to supervise, serve, maintain, and strengthen Montana's system of free quality public elementary and secondary schools. The board exists to promote high academic achievement for all Montana students.

Activities of the BPE:

- General supervision over the K-12 public school system
- General supervision of the Montana School for the Deaf and Blind
- Establishing accreditation standards for schools
- Establishing the accreditation status for each school
- Overseeing teacher certification
- Standardization of policies and programs

Per 20-2-101, MCA, the board combines with the Board of Regents to create the State Board of Education. The State Board of Education is responsible for general planning, coordination, and evaluation of the state education system, and for developing and submitting to the legislature the unified budget for Montana's educational system.

Agency Highlights

Board of Public Education Major Budget Highlights	
◆	The biennial budget decreased \$67,959 or 8.4% from the previous biennium due to present law reductions in personnel service expense (\$63,747).

Summary of Legislative Action

The legislature approved a biennial budget of \$738,245. 79% (\$53,511) of the reduction resulted from statewide present law adjustments primarily as a result of significant turnover in FY 2012, with positions filled at a lower salary than had been budgeted for in FY 2013.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	4.00	4.00	4.00	0.00	4.00	4.00	0.00	
Personal Services	313,107	281,072	281,072	0	281,395	281,395	0	0
Operating Expenses	80,960	94,276	94,273	(3)	77,946	77,941	(5)	(8)
Debt Service	1,782	1,782	1,782	0	1,782	1,782	0	0
Total Costs	\$395,849	\$377,130	\$377,127	(\$3)	\$361,123	\$361,118	(\$5)	(\$8)
General Fund	215,806	209,115	209,128	13	192,921	192,932	11	24
State/Other Special	180,043	168,015	167,999	(16)	168,202	168,186	(16)	(32)
Total Funds	\$395,849	\$377,130	\$377,127	(\$3)	\$361,123	\$361,118	(\$5)	(\$8)

The legislature accepted the budget as proposed by the executive, except that the legislature did not approve of a proposed change in the way statewide professional development was funded.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Board Of Public Education Funding by Source of Authority 2015 Biennium Budget - K-12 Education							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$402,060	\$0	\$0	\$402,060	54.5%		
State Special Total	\$336,185	\$0	\$0	\$336,185	45.5%		
02122 Advisory Council	\$226,185	\$0	\$0	\$226,185	30.6%		
02219 Research Fund	\$110,000	\$0	\$0	\$110,000	14.9%		
Total All Funds	\$738,245	\$0	\$0	\$738,245	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The BPE is funded through a combination of general fund and state special funds. The general fund funds 54.5% of the board's budget. The remainder of the funding is provided by fees paid by teachers for certification (45.5%). By statute, these fees are collected by OPI and deposited into two accounts, the Advisory Council and the Research Fund. Two thirds of the fees are deposited in the Advisory Council which supports the activities of the Certification Standards and Practices Advisory Council (CSPAC), and one third is deposited into the Research Fund and used to fund the statutory duties of the BPE and CSPAC.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	215,806	215,806	431,612	107.35%	395,849	395,849	791,698	107.24%
Statewide PL Adjustments	(6,708)	(22,902)	(29,610)	(7.36%)	(18,752)	(34,759)	(53,511)	(7.25%)
Other PL Adjustments	30	28	58	0.01%	30	28	58	0.01%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$209,128	\$192,932	\$402,060		\$377,127	\$361,118	\$738,245	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Present Law Adjustments

The “Present Law Adjustments” table shows the changes to the base budget adopted by the legislature. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

Present Law Adjustments

	Fiscal 2014				Fiscal 2015					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(32,035)					(31,712)
Inflation/Deflation					40					84
Fixed Costs					13,243					(3,131)
Total Statewide Present Law Adjustments										
		(\$6,708)	(\$12,044)	\$0	(\$18,752)		(\$22,902)	(\$11,857)	\$0	(\$34,759)
DP 50 - Initial Motion to FY 2012 Base										
	0.00	6,708	12,044	0	18,752	0.00	22,902	11,857	0	34,759
DP 51 - Adjustment for Statewide Personal Services										
	0.00	(17,465)	(14,570)	0	(32,035)	0.00	(17,289)	(14,423)	0	(31,712)
DP 52 - Adjustment for Statewide Operations										
	0.00	7,272	6,041	0	13,313	0.00	(1,633)	(1,386)	0	(3,019)
DP 53 - Base Funding Switch										
	0.00	3,515	(3,515)	0	0	0.00	(3,952)	3,952	0	0
Total Other Present Law Adjustments										
	0.00	\$30	\$0	\$0	\$30	0.00	\$28	\$0	\$0	\$28
Grand Total All Present Law Adjustments										
	0.00	(\$6,678)	(\$12,044)	\$0	(\$18,722)	0.00	(\$22,874)	(\$11,857)	\$0	(\$34,731)

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment is to establish a fund switch between fund types to fund base operations.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	88.61	88.61	88.61	88.61	88.61	88.61	0.00	0.00%
Personal Services	5,472,749	5,567,198	5,806,120	5,796,401	11,039,947	11,602,521	562,574	5.10%
Operating Expenses	762,865	755,109	845,868	805,781	1,517,974	1,651,649	133,675	8.81%
Transfers	11,300	0	11,300	11,300	11,300	22,600	11,300	100.00%
Debt Service	28,450	0	29,345	28,450	28,450	57,795	29,345	103.15%
Total Costs	\$6,275,364	\$6,322,307	\$6,692,633	\$6,641,932	\$12,597,671	\$13,334,565	\$736,894	5.85%
General Fund	5,927,138	5,971,331	6,357,793	6,306,952	11,898,469	12,664,745	766,276	6.44%
State Special	284,311	287,061	263,080	263,220	571,372	526,300	(45,072)	(7.89%)
Federal Special	63,915	63,915	71,760	71,760	127,830	143,520	15,690	12.27%
Total Funds	\$6,275,364	\$6,322,307	\$6,692,633	\$6,641,932	\$12,597,671	\$13,334,565	\$736,894	5.85%

Agency Description

The Montana School for the Deaf and Blind (MSDB), located in Great Falls, is part of Montana's educational system and under the policy and governance of the State Board of Public Education. The school is a state funded special purpose school with a residential option for children and adolescents whose hearing or sight is a barrier to receiving required and effective education in the public schools of the state.

The school consists of four programs with the following functions:

- 1) Administration - purchasing, accounting, personnel functions, and overall management of the school
 - o 5.0 FTE
 - o 6.6% of the agency budget
- 3) General Services - upkeep and maintenance of school facilities and grounds of the 18.5 acre campus
 - o 4.0 FTE
 - o 7.1% of the agency budget
- 4) Student Services - round-the-clock residential care for children residing at the school, including general supervision, meal services, and support services
 - o 29.7 FTE
 - o 22.8% of the agency budget
- 5) Educational Services – residential, outreach, and mainstream educational programs
 - o 49.9 FTE
 - o 63.5% of the agency budget

Agency Highlights

Montana School for Deaf and Blind Major Budget Highlights	
♦	The biennial budget increases by \$736,894 or 5.9% as compared to the previous biennium primarily due to <ul style="list-style-type: none"> ▪ Increased compensation and training for teachers ▪ The legislature accepted all statewide present law adjustments ▪ Replacement of six vehicles with state motor pool lease
♦	The MSDB is statutorily exempt from vacancy savings (17-7-162, MCA)

Summary of Legislative Action

The legislature approved a biennial budget of \$13.3 million, of which 95% is general fund. Changes are dominated by statewide present law adjustments and increased educator compensation.

Major biennial budget items include:

- \$250,000 to raise compensation of educators and support staff to parity with the various Great Falls school districts
- \$54,000 general fund to compensate staff for extracurricular activities
- \$50,000 to fund in-service professional development
- \$49,000 general fund to replace existing vehicles with state motor pool lease
- \$19,000 general fund to provide five additional travel days for students
- \$25,000 general fund to upgrade the schools equipment library

Agency Discussion

Statewide present law adjustment and two new proposals and increase personal services by \$563,000 general fund for the biennium. The budget contains four new proposals that increase general fund operating expenses by \$143,000. The school has debt service related to infrastructure improvements implemented by the Department of Architecture and Engineering.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total School For The Deaf & Blind Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$12,664,745	\$0	\$0	\$12,664,745	95.0%
State Special Total	526,300	-	-	526,300	3.9%
Federal Special Total	143,520	-	-	143,520	1.1%
Proprietary Total	-	-	-	-	0.0%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$13,334,565</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13,334,565</u>	
Percent - Total All Sources	100.0%	0.0%	0.0%		

MSDB's programs are funded with general fund, state special fund and federal fund. State special funds include school trust income and Medicaid reimbursements. Sources of federal funds include the National School Lunch Program and Education Consolidation and Improvement Act, Chapter I. School trust income is estimated at \$246,000 and \$265,000 for FY 2014 and FY 2015, respectively. Revenues from school trusts fluctuate based on the activities occurring on school trust lands.

The school also receives tuition from out of state students. Out of state tuition is based on per capita cost of residential students in the previous biennium and is statutorily appropriated. Unlike other public schools, the school does not have the ability to levy property taxes to support school programs.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	5,927,138	5,927,138	11,854,276	93.60%	6,275,364	6,275,364	12,550,728	94.12%
Statewide PL Adjustments	194,086	167,292	361,378	2.85%	180,700	154,046	334,746	2.51%
Other PL Adjustments	77,014	52,967	129,981	1.03%	77,014	52,967	129,981	0.97%
New Proposals	159,555	159,555	319,110	2.52%	159,555	159,555	319,110	2.39%
Total Budget	\$6,357,793	\$6,306,952	\$12,664,745		\$6,692,633	\$6,641,932	\$13,334,565	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	88.61	88.61	88.61	0.00	88.61	88.61	0.00	
Personal Services	5,472,749	5,681,120	5,806,120	125,000	5,671,401	5,796,401	125,000	250,000
Operating Expenses	762,865	848,042	845,868	(2,174)	807,983	805,781	(2,202)	(4,376)
Transfers	11,300	11,300	11,300	0	11,300	11,300	0	0
Debt Service	28,450	29,345	29,345	0	28,450	28,450	0	0
Total Costs	\$6,275,364	\$6,569,807	\$6,692,633	\$122,826	\$6,519,134	\$6,641,932	\$122,798	\$245,624
General Fund	5,927,138	6,234,967	6,357,793	122,826	6,184,154	6,306,952	122,798	245,624
State/Other Special	284,311	263,080	263,080	0	263,220	263,220	0	0
Federal Special	63,915	71,760	71,760	0	71,760	71,760	0	0
Total Funds	\$6,275,364	\$6,569,807	\$6,692,633	\$122,826	\$6,519,134	\$6,641,932	\$122,798	\$245,624

The legislature approved a biennial budget that is 1.9% or \$246,000 higher than the executive request.

- The legislature approved \$250,000 general fund in personal services to raise compensation for teachers
- The legislature did not approve the executive proposal to add \$6,130 general fund related to a proposed change in methodology of funding professional development based on FTE.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	339,697	323,877	341,973	341,212	663,574	683,185	19,611	2.96%
Operating Expenses	98,013	130,487	106,287	85,577	228,500	191,864	(36,636)	(16.03%)
Total Costs	\$437,710	\$454,364	\$448,260	\$426,789	\$892,074	\$875,049	(\$17,025)	(1.91%)
General Fund	433,483	450,418	445,460	423,849	883,901	869,309	(14,592)	(1.65%)
State Special	4,227	3,946	2,800	2,940	8,173	5,740	(2,433)	(29.77%)
Total Funds	\$437,710	\$454,364	\$448,260	\$426,789	\$892,074	\$875,049	(\$17,025)	(1.91%)

Program Description

The Administration Program staff (5.0 FTE), provides purchasing, accounting, personnel functions, and management of business affairs for the school.

Program Highlights

Administrative Program Major Budget Highlights
♦ Changes to the budget are due entirely to statewide present law adjustments

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total School For The Deaf & Blind Funding by Source of Authority 2015 Biennium Budget - Administration Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$869,309	\$0	\$0	\$869,309	99.3%		
State Special Total	\$5,740	\$0	\$0	\$5,740	0.7%		
02050 School Trust Interest/income	\$5,740	\$0	\$0	\$5,740	0.7%		
Total All Funds	\$875,049	\$0	\$0	\$875,049	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program is 6.6% of the total agency budget and is funded predominantly with general fund (99.3%). A small portion (0.7%) of the funding comes from the school trust interest and income account.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	433,483	433,483	866,966	99.73%	437,710	437,710	875,420	100.04%
Statewide PL Adjustments	11,086	(10,497)	589	0.07%	9,659	(11,784)	(2,125)	(0.24%)
Other PL Adjustments	891	863	1,754	0.20%	891	863	1,754	0.20%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$445,460	\$423,849	\$869,309		\$448,260	\$426,789	\$875,049	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					2,276					1,515
Inflation/Deflation					51					92
Fixed Costs					7,332					(13,391)
Total Statewide Present Law Adjustments		\$11,086	(\$1,427)	\$0	\$9,659		(\$10,497)	(\$1,287)	\$0	(\$11,784)
DP 50 - Initial Motion to FY 2012 Base	0.00	(11,086)	1,427	0	(9,659)	0.00	10,497	1,287	0	11,784
DP 51 - Adjustment for Statewide Personal Services	0.00	2,254	22	0	2,276	0.00	1,500	15	0	1,515
DP 52 - Adjustment for Statewide Operations	0.00	8,203	71	0	8,274	0.00	(12,308)	(128)	0	(12,436)
DP 53 - Base Funding Switch	0.00	1,520	(1,520)	0	0	0.00	1,174	(1,174)	0	0
Total Other Present Law Adjustments	0.00	\$891	\$0	\$0	\$891	0.00	\$863	\$0	\$0	\$863
Grand Total All Present Law Adjustments	0.00	\$11,977	(\$1,427)	\$0	\$10,550	0.00	(\$9,634)	(\$1,287)	\$0	(\$10,921)

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - This adjustment is to establish a fund switch between fund types to fund base operations.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	4.00	4.00	4.00	4.00	4.00	4.00	0.00	0.00%
Personal Services	173,312	166,351	183,599	183,440	339,663	367,039	27,376	8.06%
Operating Expenses	264,287	288,817	250,422	252,374	553,104	502,796	(50,308)	(9.10%)
Transfers	11,300	0	11,300	11,300	11,300	22,600	11,300	100.00%
Debt Service	28,450	0	29,345	28,450	28,450	57,795	29,345	103.15%
Total Costs	\$477,349	\$455,168	\$474,666	\$475,564	\$932,517	\$950,230	\$17,713	1.90%
General Fund	477,349	455,168	474,666	475,564	932,517	950,230	17,713	1.90%
Total Funds	\$477,349	\$455,168	\$474,666	\$475,564	\$932,517	\$950,230	\$17,713	1.90%

Program Description

The General Services Program staff (4.0 FTE) is responsible for general upkeep and maintenance of the school's eight buildings and 18.5 acre campus.

Program Highlights

General Services Program Major Budget Highlights	
◆	Operating expenses are reduced primarily by \$14,042 from the FY 2012 base due to net savings from replacement of six vehicles with leases from the state motor pool
◆	In the 2013 biennium, the agency conserved operating expense to cover expected termination costs of several long-term employees resulting in a further reduction in the base budget for operating expense of \$35,000.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total School For The Deaf & Blind Funding by Source of Authority 2015 Biennium Budget - General Services							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$950,230	\$0	\$0	\$950,230	100.0%		
Total All Funds	\$950,230	\$0	\$0	\$950,230	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program is 7.1% of the total agency budget and is funded entirely with general fund.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	477,349	477,349	954,698	100.47%	477,349	477,349	954,698	100.47%
Statewide PL Adjustments	4,338	5,236	9,574	1.01%	4,338	5,236	9,574	1.01%
Other PL Adjustments	(7,021)	(7,021)	(14,042)	(1.48%)	(7,021)	(7,021)	(14,042)	(1.48%)
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$474,666	\$475,564	\$950,230		\$474,666	\$475,564	\$950,230	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
Personal Services					10,287				
Inflation/Deflation					(11,150)				
Fixed Costs					5,201				
Total Statewide Present Law Adjustments		\$4,338	\$0	\$0	\$4,338		\$5,236	\$0	\$0
DP 4 - Reduction for Replacement Vehicles	0.00	(7,021)	0	0	(7,021)	0.00	(7,021)	0	0
DP 50 - Initial Motion to FY 2012 Base	0.00	(4,338)	0	0	(4,338)	0.00	(5,236)	0	0
DP 51 - Adjustment for Statewide Personal Services	0.00	10,287	0	0	10,287	0.00	10,128	0	0
DP 52 - Adjustment for Statewide Operations	0.00	(5,949)	0	0	(5,949)	0.00	(4,892)	0	0
Total Other Present Law Adjustments	0.00	(\$7,021)	\$0	\$0	(\$7,021)	0.00	(\$7,021)	\$0	\$0
Grand Total All Present Law Adjustments	0.00	(\$2,683)	\$0	\$0	(\$2,683)	0.00	(\$1,785)	\$0	\$0

DP 4 - Reduction for Replacement Vehicles - The legislature approved a reduction in general fund of \$7,021 in each year of the 2015 biennium. The reduction reflects savings related to DP - 3 that replaces six school-owned vehicles with high mileage and in poor operating condition with leased vehicles from the state motor pool.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature approved adjustments to fund statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	29.74	29.74	29.74	29.74	29.74	29.74	0.00	0.00%
Personal Services	1,200,631	1,276,360	1,354,381	1,353,817	2,476,991	2,708,198	231,207	9.33%
Operating Expenses	124,704	125,546	166,721	169,133	250,250	335,854	85,604	34.21%
Total Costs	\$1,325,335	\$1,401,906	\$1,521,102	\$1,522,950	\$2,727,241	\$3,044,052	\$316,811	11.62%
General Fund	1,309,942	1,386,513	1,498,102	1,499,950	2,696,455	2,998,052	301,597	11.18%
Federal Special	15,393	15,393	23,000	23,000	30,786	46,000	15,214	49.42%
Total Funds	\$1,325,335	\$1,401,906	\$1,521,102	\$1,522,950	\$2,727,241	\$3,044,052	\$316,811	11.62%

Program Description

The Student Services program provides around-the-clock residential care for children residing at the school. This includes general supervision, meal services, and support services.

Program Highlights

Student Services	
Major Budget Highlights	
♦	The biennial budget increased by \$316,811 or 11.62% as compared to the previous biennium.
♦	Personal services increased by \$231,207, primarily due to statewide present law adjustment approved by the legislature.
♦	\$63,393 general fund was added to replace six vehicles with leases from the state motor pool. This expense is offset by \$14,042 in maintenance savings in general services.
♦	\$19,110 general fund was added to provide an additional five student travel days.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total School For The Deaf & Blind Funding by Source of Authority 2015 Biennium Budget - Student Services							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,998,052	\$0	\$0	\$2,998,052	98.5%		
Federal Special Total	\$46,000	\$0	\$0	\$46,000	1.5%		
Total All Funds	\$3,044,052	\$0	\$0	\$3,044,052	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program is 22.8% of the total agency budget and is funded predominantly with general fund (98.5%). Federal funds are from the national school lunch program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,309,942	1,309,942	2,619,884	87.39%	1,325,335	1,325,335	2,650,670	87.08%
Statewide PL Adjustments	147,399	148,266	295,665	9.86%	155,006	155,873	310,879	10.21%
Other PL Adjustments	31,206	32,187	63,393	2.11%	31,206	32,187	63,393	2.08%
New Proposals	9,555	9,555	19,110	0.64%	9,555	9,555	19,110	0.63%
Total Budget	\$1,498,102	\$1,499,950	\$2,998,052		\$1,521,102	\$1,522,950	\$3,044,052	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					153,750					153,186
Inflation/Deflation					1,256					2,687
Total Statewide Present Law Adjustments										
	\$147,399		\$0	\$7,607	\$155,006		\$148,266	\$0	\$7,607	\$155,873
DP 3 - Replacement Vehicles										
	0.00	31,206	0	0	31,206	0.00	32,187	0	0	32,187
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(147,399)	0	(7,607)	(155,006)	0.00	(148,266)	0	(7,607)	(155,873)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	151,964	0	1,786	153,750	0.00	151,407	0	1,779	153,186
DP 52 - Adjustment for Statewide Operations										
	0.00	1,241	0	15	1,256	0.00	2,656	0	31	2,687
DP 53 - Base Funding Switch										
	0.00	(5,806)	0	5,806	0	0.00	(5,797)	0	5,797	0
Total Other Present Law Adjustments										
	0.00	\$31,206	\$0	\$0	\$31,206	0.00	\$32,187	\$0	\$0	\$32,187
Grand Total All Present Law Adjustments										
	0.00	\$178,605	\$0	\$7,607	\$186,212	0.00	\$180,453	\$0	\$7,607	\$188,060

DP 3 - Replacement Vehicles - The legislature approved an increase in general fund of \$63,393 in the 2015 biennium to lease six vehicles from the Department of Transportation, Motor Pool Unit. These vehicles replace six school owned vehicles that are in poor condition.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature approved adjustments to fund statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - The legislature approved adjustments to establish a fund switch between fund types to fund base operations.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 2 - Student Travel										
03	0.00	9,555	0	0	9,555	0.00	9,555	0	0	9,555
Total	0.00	\$9,555	\$0	\$0	\$9,555	0.00	\$9,555	\$0	\$0	\$9,555

DP 2 - Student Travel - The legislature has approved \$19,110 for the biennium to pay for five additional travel periods for students living on the school campus. With the five additional travel periods the school would be transporting students home twice per month.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	49.87	49.87	49.87	49.87	49.87	49.87	0.00	0.00%
Personal Services	3,759,109	3,800,610	3,926,167	3,917,932	7,559,719	7,844,099	284,380	3.76%
Operating Expenses	275,861	210,259	322,438	298,697	486,120	621,135	135,015	27.77%
Total Costs	\$4,034,970	\$4,010,869	\$4,248,605	\$4,216,629	\$8,045,839	\$8,465,234	\$419,395	5.21%
General Fund	3,706,364	3,679,232	3,939,565	3,907,589	7,385,596	7,847,154	461,558	6.25%
State Special	280,084	283,115	260,280	260,280	563,199	520,560	(42,639)	(7.57%)
Federal Special	48,522	48,522	48,760	48,760	97,044	97,520	476	0.49%
Total Funds	\$4,034,970	\$4,010,869	\$4,248,605	\$4,216,629	\$8,045,839	\$8,465,234	\$419,395	5.21%

Program Description

The Education Program provides services in three different settings:

- 1) At the Great Falls campus for students whose impairments prevent them from receiving a quality education in their home school district;
- 2) Through outreach services for students who remain in their home districts; and
- 3) Mainstream services through the Great Falls campus in a joint effort with Great Falls public schools.

The program is also responsible for tracking hearing or visually impaired students from the time of identification through the child's exit from intervention or educational services.

Program Highlights

Education Program Major Budget Highlights	
♦	The biennial budget increased by \$419,395 or 5.2% as compared to the previous biennium. General fund increases primarily due to: <ul style="list-style-type: none"> ▪ \$250,000 was appropriated to bring the compensation for educators and support staff to parity with the local school districts. Compensation is currently at 85% of the market in the Great Falls area • \$53,876 to compensate staff for sponsoring and providing supervision during extracurricular activities • \$50,000 to provide in-service training for staff • \$25,000 to replace and upgrade educational technology used in the school's lending library.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total School For The Deaf & Blind Funding by Source of Authority 2015 Biennium Budget - Education							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$7,847,154	\$0	\$0	\$7,847,154	92.7%		
State Special Total	\$520,560	\$0	\$0	\$520,560	6.1%		
02243 Medicaid Reimbursements	\$31,160	\$0	\$0	\$31,160	0.4%		
03012 E.c.i.a. Chapter I	\$97,520	\$0	\$0	\$97,520	1.2%		
Total All Funds	\$8,465,234	\$0	\$0	\$8,465,234	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program is 63.5% of the total agency budget and is funded predominantly with general fund (92.7%). School trust interest/income provides 94% of state special revenue; the remaining 6% is Medicaid reimbursements the school receives for providing medical care for those Medicaid eligible students. Federal funds are entirely comprised of Education Consolidation and Improvement Act (E.C.I.A.) monies. This federal program provides financial assistance to state and local educational agencies to meet the special educational needs of educationally deprived children.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	3,706,364	3,706,364	7,412,728	94.46%	4,034,970	4,034,970	8,069,940	95.33%
Statewide PL Adjustments	31,263	24,287	55,550	0.71%	11,697	4,721	16,418	0.19%
Other PL Adjustments	51,938	26,938	78,876	1.01%	51,938	26,938	78,876	0.93%
New Proposals	150,000	150,000	300,000	3.82%	150,000	150,000	300,000	3.54%
Total Budget	\$3,939,565	\$3,907,589	\$7,847,154		\$4,248,605	\$4,216,629	\$8,465,234	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					15,120					6,885
Inflation/Deflation					(3,423)					(2,164)
Total Statewide Present Law Adjustments										
	\$31,263		(\$19,804)	\$238	\$11,697		\$24,287	(\$19,804)	\$238	\$4,721
DP 1 - Extracurricular Compensation (Rst)										
0.00	26,938		0	0	26,938	0.00	26,938	0	0	26,938
DP 6 - Upgrade Equipment - Lending Library (Bien/OTO)										
0.00	25,000		0	0	25,000	0.00	0	0	0	0
DP 50 - Initial Motion to FY 2012 Base										
0.00	(31,263)		19,804	(238)	(11,697)	0.00	(24,287)	19,804	(238)	(4,721)
DP 51 - Adjustment for Statewide Personal Services										
0.00	13,492		1,388	240	15,120	0.00	5,941	805	139	6,885
DP 52 - Adjustment for Statewide Operations										
0.00	(3,431)		7	1	(3,423)	0.00	(2,179)	13	2	(2,164)
DP 53 - Base Funding Switch										
0.00	21,202		(21,199)	(3)	0	0.00	20,525	(20,622)	97	0
Total Other Present Law Adjustments										
0.00	\$51,938		\$0	\$0	\$51,938	0.00	\$26,938	\$0	\$0	\$26,938
Grand Total All Present Law Adjustments										
0.00	\$83,201		(\$19,804)	\$238	\$63,635	0.00	\$51,225	(\$19,804)	\$238	\$31,659

DP 1 - Extracurricular Compensation (Rst) - The legislature approved an increase in of \$53,876 for the biennium for compensation of employees who sponsor after school activities.

DP 6 - Upgrade Equipment - Lending Library (Bien/OTO) - The legislature approved \$25,000 general fund in FY 2014 one-time-only to replace and upgrade educational technology used in the school's lending library.

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - The legislature approved adjustments to fund statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - The legislature approved the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 53 - Base Funding Switch - The legislature approved adjustments to establish a fund switch between fund types to fund base operations.

New Proposals

New Proposals										
		-----Fiscal 2014-----				-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 5 - In-service Professional Development (Rst/OTO)										
04	0.00	25,000	0	0	25,000	0.00	25,000	0	0	25,000
DP 7 - Educator Compensation										
04	0.00	125,000	0	0	125,000	0.00	125,000	0	0	125,000
Total	0.00	\$150,000	\$0	\$0	\$150,000	0.00	\$150,000	\$0	\$0	\$150,000

DP 5 - In-service Professional Development (Rst/OTO) - The legislature approved \$50,000 for the biennium to establish an in-service training budget for professional staff.

DP 7 - Educator Compensation - The legislature approved \$125,000 of general fund each year of the biennium (\$250,000 total) to bring compensation for the educational professionals at the School for Deaf and Blind into parity with educational professionals within the Great Falls School Districts.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	7.00	7.00	7.00	7.00	7.00	7.00	0.00	0.00%
Personal Services	505,301	544,373	595,624	596,717	1,049,674	1,192,341	142,667	13.59%
Operating Expenses	335,429	291,442	345,877	317,997	626,871	663,874	37,003	5.90%
Grants	462,238	772,840	552,238	462,238	1,235,078	1,014,476	(220,602)	(17.86%)
Total Costs	\$1,302,968	\$1,608,655	\$1,493,739	\$1,376,952	\$2,911,623	\$2,870,691	(\$40,932)	(1.41%)
General Fund	451,284	448,088	576,186	476,907	899,372	1,053,093	153,721	17.09%
State Special	204,321	201,903	220,123	215,923	406,224	436,046	29,822	7.34%
Federal Special	647,363	958,664	697,430	684,122	1,606,027	1,381,552	(224,475)	(13.98%)
Total Funds	\$1,302,968	\$1,608,655	\$1,493,739	\$1,376,952	\$2,911,623	\$2,870,691	(\$40,932)	(1.41%)

Agency Description

The Montana Arts Council (MAC) is authorized by Title 22-2-101, MCA to assist public and private institutions with artistic and cultural activities. The council encourages participation in, and appreciation of, the arts. The council fosters interest in the state's cultural heritage, expands state cultural resources, and supports freedom of artistic expression through ongoing programs and projects. The council administers the Cultural and Aesthetic Project grants and other grants approved by the legislature, and makes recommendations to the legislature on arts related issues.

The Montana Arts Council provides these services through a structure consisting of one division with 7.00 FTE.

Agency Highlights

Montana Arts Council Major Budget Highlights	
<ul style="list-style-type: none"> The legislative budget decreases slightly overall in the 2015 biennium compared to the 2013 biennium. However, some of the budget line items and funding sources show significant changes between the biennia: <ul style="list-style-type: none"> Personal services expenditures increase as a result of FY 2012 and FY 2013 pay increases continued into the 2015 biennium General fund increases to fund more arts in the schools grants and to fund a portion of the 2013 biennium pay adjustments Federal funds are projected to decrease in the 2015 biennium and are subject to sequestration 	

Summary of Legislative Action

The legislature approved a biennial budget for the Montana Arts Council of \$2.9 million in total funds, which is a 1.4% budget reduction from the 2013 biennium. The budget reduction is due primarily to a reduction in federal funds.

General fund increases \$154,000 in the 2015 biennium for two primary reasons:

- Statewide present law adjustments (personal services and operations) funded from general fund total \$66,000
- The legislature added \$90,000 for Arts in Education Grants
 - \$35,000 for the Box Elder Glassblowing program
 - \$55,000 for other Arts in Education grants selected by the council

Due to the agency's small size, the legislature exempts the agency from vacancy savings.

Agency Discussion

The Montana Arts Council administers the cultural and aesthetic project grants approved by the legislature each biennium. The operating expenses related to administering these grants are budgeted in HB 2 while the grants are included in a separate appropriations bill (HB 9) and are not included in the agency budget comparison table above.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	7.00	7.00	7.00	0.00	7.00	7.00	0.00	
Personal Services	505,301	595,624	595,624	0	596,717	596,717	0	0
Operating Expenses	335,429	345,801	345,877	76	317,935	317,997	62	138
Grants	462,238	554,238	552,238	(2,000)	554,238	462,238	(92,000)	(94,000)
Total Costs	\$1,302,968	\$1,495,663	\$1,493,739	(\$1,924)	\$1,468,890	\$1,376,952	(\$91,938)	(\$93,862)
General Fund	451,284	578,159	576,186	(1,973)	568,886	476,907	(91,979)	(93,952)
State/Other Special	204,321	220,111	220,123	12	215,913	215,923	10	22
Federal Special	647,363	697,393	697,430	37	684,091	684,122	31	68
Total Funds	\$1,302,968	\$1,495,663	\$1,493,739	(\$1,924)	\$1,468,890	\$1,376,952	(\$91,938)	(\$93,862)

The legislature declined to fully fund the Governor's \$184,000 new proposal request to increase state funds for the arts in education grant program. The legislature approved a \$90,000 biennial, one-time-only appropriation for the arts in education grant program. A portion of this appropriation, \$35,000, is restricted to a grant to the Box Elder schools for its Fine Arts Glass Blowing program.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,053,093	\$0	\$0	\$1,053,093	36.7%		
State Special Total	\$436,046	\$0	\$0	\$436,046	15.2%		
02009 Cultural And Aesthetic Project	\$436,046	\$0	\$0	\$436,046	15.2%		
Federal Special Total	\$1,381,552	\$0	\$0	\$1,381,552	48.1%		
03016 Nea Funds-basic State Grant	\$1,271,552	\$0	\$0	\$1,271,552	44.3%		
03017 Nea Funds-arts In Education	\$110,000	\$0	\$0	\$110,000	3.8%		
Total All Funds	\$2,870,691	\$0	\$0	\$2,870,691	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

General fund supports:

- A portion of the agency operations and services to the state's arts community
- Arts grants including artists in the schools and several other grant programs available to non-profit arts organizations, schools, and other entities

State special revenue includes proceeds from the cultural and aesthetic project account. This account:

- Receives interest earnings from a statutory trust account that is funded from a 0.63% distribution from the coal severance tax
- Must be used for protection of works of art in the State Capitol and other cultural and aesthetic projects
- Supports the agency's administration of the cultural and aesthetic trust activities and its Circle of American Masters program, which promotes Montana's traditional and native arts and cultures

Federal funds come from the National Endowment for the Arts. These federal funds:

- Are subject to sequestration
- Are formula grants from the federal agency rather than competitive grants
- Require a dollar for dollar match with non-federal revenue. The agency uses general fund and its allocation from the cultural and aesthetic project account to match the federal grant
- Are used for agency administration, grants, and services to the state's arts community
- Were approved by the legislature as a biennial appropriation

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	451,284	451,284	902,568	85.71%	1,302,968	1,302,968	2,605,936	90.78%
Statewide PL Adjustments	36,158	29,376	65,534	6.22%	104,397	84,816	189,213	6.59%
Other PL Adjustments	(1,256)	(3,753)	(5,009)	(0.48%)	(3,626)	(10,832)	(14,458)	(0.50%)
New Proposals	90,000	0	90,000	8.55%	90,000	0	90,000	3.14%
Total Budget	\$576,186	\$476,907	\$1,053,093		\$1,493,739	\$1,376,952	\$2,870,691	

Other Legislation

HB 9 - Establishes priorities for the Cultural and Aesthetic Project Grants. The bill appropriates \$758,650 in interest earnings to the Montana Arts Council for grant awards and allows for the reduction of grants on a pro rata basis if the money in the account proves to be insufficient to fund approved projects in the 2015 biennium. The approved grants include special projects of \$4,500 or less, special projects, operational support, and capital expenditures. The grants are awarded to various cultural and aesthetic projects in communities across Montana.

HB 13 - The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014						Fiscal 2015				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				90,323						91,416
Inflation/Deflation				737						1,369
Fixed Costs				13,337						(7,969)
Total Statewide Present Law Adjustments	\$36,158	\$16,371	\$51,868	\$104,397			\$29,376	\$13,300	\$42,140	\$84,816
DP 50 - Initial Motion to FY 2012 Base	0.00	(36,158)	(16,371)	(51,868)	(104,397)	0.00	(29,376)	(13,300)	(42,140)	(84,816)
DP 51 - Adjustment for Statewide Personal Services	0.00	31,283	14,164	44,876	90,323	0.00	31,662	14,335	45,419	91,416
DP 52 - Adjustment for Statewide Operations	0.00	4,895	2,216	7,020	14,131	0.00	(2,272)	(1,028)	(3,257)	(6,557)
DP 51142 - Adj for Rent, Newspaper, Computers, Software	0.00	(1,276)	(578)	(1,829)	(3,683)	0.00	(3,767)	(1,705)	(5,403)	(10,875)
Total Other Present Law Adjustments	0.00	(\$1,256)	(\$569)	(\$1,801)	(\$3,626)	0.00	(\$3,753)	(\$1,698)	(\$5,381)	(\$10,832)
Grand Total All Present Law Adjustments	0.00	\$34,902	\$15,802	\$50,067	\$100,771	0.00	\$25,623	\$11,602	\$36,759	\$73,984

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings at the amount requested by the executive.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 51142 - Adj for Rent, Newspaper, Computers, Software - The legislature reduced the budget for one time only operating costs and increases for building lease and State of the Arts newspaper production and circulation costs.

New Proposals

New Proposals										
Fiscal 2014						Fiscal 2015				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 300 - Arts In Education Grants (BIEN/OTO)										
01	0.00	90,000	0	0	90,000	0.00	0	0	0	0
Total	0.00	\$90,000	\$0	\$0	\$90,000	0.00	\$0	\$0	\$0	\$0

DP 300 - Arts In Education Grants (BIEN/OTO) - The legislature added general fund as a biennial, one-time-only appropriation to increase funding for the arts in education program. \$35,000 of the appropriation is restricted to a grant to the Box Elder schools for its Fine Arts Glass Blowing program:

- At least \$30,000 must be allocated for propane and glass costs
- Up to \$5,000 may be allocated to reimburse participating schools for travel expenses
- Funds must be used to supplement, but not supplant, local funding for the program

The remaining \$55,000 of the appropriation is available for other arts in education grants.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	28.25	28.25	31.75	31.75	28.25	31.75	3.50	12.39%
Estimated Impact of HB 2*			(1.18)	(1.18)		(1.18)	(1.18)	
Net Estimated FTE*			30.57	30.57		30.57	2.32	
Personal Services	2,002,399	1,721,659	1,985,662	1,983,411	3,724,058	3,969,073	245,015	6.58%
Operating Expenses	2,122,110	1,997,276	2,258,097	2,208,024	4,119,386	4,466,121	346,735	8.42%
Equipment & Intangible Assets	28,235	7,935	28,718	29,103	36,170	57,821	21,651	59.86%
Grants	295,837	719,123	2,400,281	1,299,888	1,014,960	3,700,169	2,685,209	264.56%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$4,448,581	\$4,445,993	\$6,672,758	\$5,520,426	\$8,894,574	\$12,193,184	\$3,298,610	37.09%
General Fund	2,544,909	2,643,606	3,207,502	3,155,870	5,188,515	6,363,372	1,174,857	22.64%
State Special	763,324	763,323	1,800,386	1,799,683	1,526,647	3,600,069	2,073,422	135.82%
Federal Special	1,140,348	1,021,878	1,664,870	564,873	2,162,226	2,229,743	67,517	3.12%
Other	0	17,186	0	0	17,186	0	(17,186)	(100.00%)
Total Funds	\$4,448,581	\$4,445,993	\$6,672,758	\$5,520,426	\$8,894,574	\$12,193,184	\$3,298,610	37.09%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Mission Statement: Montana Library Commission (MLC) meets the information needs of Montana government agency management and staff, ensures all Montana citizens have access to information created by their government, supports the role of all Montana libraries in delivering quality library content and services to their patrons, works to strengthen local community public libraries, ensures that Montanans who are visually or physically handicapped are provided access to library resources, and measures its successes by its patrons' and partners' successes.

MLC, authorized in Section 22-1-101, MCA, administers state and federal library funding to operate and maintain the state library, oversees the six library federations located throughout Montana, and develops library oriented statewide long-range planning, policy, and service coordination.

MLC is further authorized in section 90-15-101, MCA to establish a planning framework for the development of the natural resources information system (NRIS), to implement the system, and to establish an ongoing Montana Natural Heritage Program.

Additional responsibilities of the commission include: assisting all tax-supported libraries and local governments wishing to establish or improve libraries; maintaining an audio book library for use by Montanans unable to utilize printed materials; providing access to state publications; and maintaining and providing information related to Montana's plant and animal species and habitat and comprehensive natural resources (land) information.

Agency Highlights

<p align="center">Montana Library Commission Major Budget Highlights</p>
<ul style="list-style-type: none"> ◆ The major factors contributing to the biennial budget increase are: <ul style="list-style-type: none"> ■ Transferring the Base Map Service Center to the State Library from the Department of Administration, adding 2.50 FTE and \$1.9 million state special revenue and reducing the Department of Administration budget by a similar amount ● Approving the water information system manager position requested by the executive, 1.00 FTE and \$0.15 million one-time-only general fund ● Increasing the amount of state funds distributed to local libraries ● Fixed cost increases

Summary of Legislative Action

The legislature provided a significant budget increase for the Montana State Library in the 2015 biennium due primarily to transferring the Base Map Service Center formerly housed in the Department of Administration to the State Library. This move had been recommended by the executive. Other factors driving the budget increase include increasing state funds for distribution to public libraries and adding a water information systems manager as a one-time-only expense that will not be included in the base budget for the 2017 biennium.

General fund increases \$1.2 million in the 2015 biennium due primarily to:

- Fixed cost increases \$411,000
- 1.0 FTE (new) water information systems manager -- \$145,000 OTO
- Increased state funds for distribution to local libraries -- \$586,000

The legislature applied 4% vacancy savings to the Library as recommended by the executive, but exempted the agency from the additional 2% vacancy savings applied by the legislature to most agencies.

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 1.18 FTE for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg - Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg - Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	28.25	31.75	31.75	0.00	31.75	31.75	0.00	
Estimated Impact of HB 2*			(1.18)	(1.18)		(1.18)	(1.18)	
Net Estimated FTE*			30.57	(1.18)		30.57	(1.18)	
Personal Services	2,002,399	1,985,662	1,985,662	0	1,983,411	1,983,411	0	0
Operating Expenses	2,122,110	2,256,956	2,258,097	1,141	2,206,851	2,208,024	1,173	2,314
Equipment & Intangible Assets	28,235	28,718	28,718	0	29,103	29,103	0	0
Grants	295,837	2,107,345	2,400,281	292,936	1,006,952	1,299,888	292,936	585,872
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$4,448,581	\$6,378,681	\$6,672,758	\$294,077	\$5,226,317	\$5,520,426	\$294,109	\$588,186
General Fund	2,544,909	2,943,455	3,207,502	264,047	2,891,794	3,155,870	264,076	528,123
State/Other Special	763,324	1,800,386	1,800,386	0	1,799,683	1,799,683	0	0
Federal Special	1,140,348	1,634,840	1,664,870	30,030	534,840	564,873	30,033	60,063
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$4,448,581	\$6,378,681	\$6,672,758	\$294,077	\$5,226,317	\$5,520,426	\$294,109	\$588,186

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget exceeds the executive budget by \$0.6 million for the biennium because additional state funding for distribution to local libraries was included in the legislative budget compared to the executive budget request. This increase, a one-time-only appropriation, is in addition to the \$0.2 million included in the 2015 biennium base budget. See DP 300 in the New Proposal section for more information on this program expansion.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana State Library Funding by Source of Authority 2015 Biennium Budget - Statewide Library Resources							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$6,363,372	\$0	\$0	\$6,363,372	50.1%		
State Special Total	\$3,600,069	\$0	\$0	\$3,600,069	28.4%		
02026 Nris State Special	\$567,046	\$0	\$0	\$567,046	4.5%		
02340 Coal Sev. Tax Shared Ssr	\$1,125,602	\$0	\$0	\$1,125,602	8.9%		
02779 Montana Land Information	\$1,907,421	\$0	\$0	\$1,907,421	15.0%		
Federal Special Total	\$2,229,743	\$0	\$0	\$2,229,743	17.6%		
03018 Library Commission	\$2,229,743	\$0	\$0	\$2,229,743	17.6%		
Proprietary Total	\$0	\$497,678	\$0	\$497,678	3.9%		
06021 Mt Shared Catalog	\$0	\$497,678	\$0	\$497,678	3.9%		
Total All Funds	\$12,193,184	\$497,678	\$0	\$12,690,862	100.0%		
Percent - Total All Sources	96.1%	3.9%	0.0%				

The Montana State Library is funded through a combination of general fund, state special revenue, and federal special revenue.

General fund supports:

- The statewide interlibrary resource-sharing program
- State aid to libraries throughout Montana
- Natural Resource Information System (NRIS)
- General agency operations

State special revenue includes:

- A portion of the coal tax shared account
- Assessments from certain state agencies that use the NRIS
- Revenue from the Montana Land Information account that receives a portion of document recording fees assessed at the local level (see New Proposal DP 201)

Federal funds come primarily from Library Services and Technology Act (LSTA) grants administered through the federal Institute of Museum and Library Services. These federal funds:

- Will be impacted by federal sequestration
- Are formula grants from the federal agency rather than competitive grants
- Require a 2:1 federal: state match and a 5 year plan
- Are used for collection content and access, training and outreach to local libraries, and services to patrons with disabilities
- Were approved by the legislature as a biennial appropriation

This agency includes proprietary funding that does not require an appropriation in HB 2. This funding is discussed in more detail in the Proprietary Rates section later in this narrative.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,544,909	2,544,909	5,089,818	79.99%	4,448,581	4,448,581	8,897,162	72.97%
Statewide PL Adjustments	297,408	270,857	568,265	8.93%	(79,425)	(105,952)	(185,377)	(1.52%)
Other PL Adjustments	(25,223)	(25,194)	(50,417)	(0.79%)	919,132	(180,860)	738,272	6.05%
New Proposals	390,408	365,298	755,706	11.88%	1,384,470	1,358,657	2,743,127	22.50%
Total Budget	\$3,207,502	\$3,155,870	\$6,363,372		\$6,672,758	\$5,520,426	\$12,193,184	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

HB 38 – Transfers the administrative functions and funding of the Montana Land Information Act (MLIA) and the infrastructure of the Base Map Service Center from the Department of Administration to the Montana State Library. This transfer includes 2.50 FTE (see NP 201 below).

HB 203 - Establishes a statutory general fund appropriation to the state library commission to distribute state funds to local libraries and library districts in the amount of \$0.40 on a per capita basis. Coordination language was included in the bill that makes the effective date of the statutory appropriation July 1, 2015 in the event HB 2 was passed with an appropriation for the same purpose and amount (see NP 300 below). The statutory appropriation sunsets July 1, 2017.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				(226,835)					(228,744)	
Vacancy Savings				(70,941)					(70,863)	
Inflation/Deflation				(297)					557	
Fixed Costs				218,648					193,098	
Total Statewide Present Law Adjustments										
	\$297,408	\$0	(\$376,833)	(\$79,425)		\$270,857	\$0	(\$376,809)	(\$105,952)	
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(297,408)	0	376,833	79,425	0.00	(270,857)	0	376,809	105,952
DP 51 - Adjustment for Statewide Personal Services										
	0.00	96,688	0	(394,464)	(297,776)	0.00	93,065	0	(392,672)	(299,607)
DP 52 - Adjustment for Statewide Operations										
	0.00	201,065	0	17,661	218,726	0.00	178,166	0	15,896	194,062
DP 101 - LSTA Grants (Bien)										
	0.00	0	0	901,325	901,325	0.00	0	0	(198,699)	(198,699)
DP 102 - Inflationary Increase for Statewide Database										
	0.00	0	13,000	0	13,000	0.00	0	13,000	0	13,000
DP 103 - Standard Cost Adjustments										
	0.00	4,432	0	0	4,432	0.00	4,432	0	0	4,432
DP 104 - NRIS Core Funding Switch										
	0.00	0	30,000	(30,000)	0	0.00	0	30,000	(30,000)	0
DP 105 - Correct Adjusted Base Funding										
	0.00	(30,000)	0	30,000	0	0.00	(30,000)	0	30,000	0
Total Other Present Law Adjustments										
	0.00	(\$25,223)	\$43,000	\$901,355	\$919,132	0.00	(\$25,194)	\$43,000	(\$198,666)	(\$180,860)
Grand Total All Present Law Adjustments										
	0.00	\$272,185	\$43,000	\$524,522	\$839,707	0.00	\$245,663	\$43,000	(\$575,475)	(\$286,812)

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 101 - LSTA Grants (Bien) - The legislature increased federal authority to spend estimated Library Services and Technology Act (LSTA) grant awards and realign the biennial appropriation of the awards into the first year of the biennium, resulting in a smaller adjustment in FY 2015.

DP 102 - Inflationary Increase for Statewide Database - The legislature increased funding from the coal tax shared account to the Montana State Library for increased inflationary costs associated with providing statewide access to periodical databases via contracted services.

DP 103 - Standard Cost Adjustments - This decision package reestablishes zero-based insurance costs for talking book library volunteers insurance at \$500 each year of the 2015 biennium. In addition, the legislative budget includes a per diem budget totaling \$3,550 annually for the five commission members and a legal services budget totaling \$8,022 annually for the State Library.

DP 104 - NRIS Core Funding Switch - The legislature approved the executive proposal to reclassify funding from another state agency for the NRIS program from federal funds to state special revenue funds.

DP 105 - Correct Adjusted Base Funding - This adjustment corrects the funding of the adjusted base budget each year of the 2015 biennium. There is no overall impact to the total spending authority for the Montana State Library.

New Proposals

-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 201 - Base Map Service Center transfer to MSL (Requires Legislation)										
01	2.50	0	954,062	0	954,062	2.50	0	953,359	0	953,359
DP 202 - Water Information System Manager (RST/OTO)										
01	1.00	72,472	0	0	72,472	1.00	72,362	0	0	72,362
DP 203 - Talking Book Library Digital Transition (RST/OTO)										
01	0.00	25,000	0	0	25,000	0.00	0	0	0	0
DP 204 - Online Information Resources										
01	0.00	0	40,000	0	40,000	0.00	0	40,000	0	40,000
DP 300 - Distribution to Local Libraries (RST/OTO)										
01	0.00	292,936	0	0	292,936	0.00	292,936	0	0	292,936
Total	3.50	\$390,408	\$994,062	\$0	\$1,384,470	3.50	\$365,298	\$993,359	\$0	\$1,358,657

DP 201 - Base Map Service Center transfer to MSL - The legislature approved the transfer the Base Map Service Center from the Department of Administration to the State Library. The transfer had been contingent upon HB 38, which was passed and approved. This transfer includes 2.50 FTE and funding authority for Montana Land Information Act coordination, Montana Spatial Data Infrastructure support as approved by the MLIA Council, and MLIA grant funds to local and tribal governments.

DP 202 - Water Information System Manager (RST/OTO) - The legislature approved additional general fund for the state library to add a new position to the NRIS program to operate the Montana Water Information System provided for in 90-15-305, MCA. The legislature conditioned this appropriation as a restricted, one-time-only addition to the budget.

DP 203 - Talking Book Library Digital Transition (RST/OTO) - The legislature added one-time-only funding to support the Montana Talking Book Library's transition from analog cassettes to digital files. This is a restricted appropriation.

DP 204 - Online Information Resources - The legislature increased the coal tax shared account funding allocation to the State Library for increased funding for online databases.

DP 300 - Distribution to Local Libraries (RST/OTO) - The legislature added general fund to the State Library to increase the budget for the distribution of state funds to local libraries from \$102,830 annually to \$395,766 annually. The new appropriation is a restricted, one-time-only addition to the budget. The base amount of \$102,830 is an ongoing annual expenditure. The table below summarizes the funding available for distribution to local libraries for FY 2012 through FY 2015. Funding is distributed to 84 local libraries and districts in Montana. As discussed in the "Other Legislation" section above, the library will receive a statutory appropriation in the 2017 biennium.

State Funds Distributed to Local Libraries and Library Districts FY 2012 through FY 2015				
Fiscal Year	Per Capita Distribution Amount	State Funds Distributed to Local Libraries		
		One-Time	On-Going	Total
FY 2012 Actual	\$0.10	\$0	\$102,830	\$102,830
FY 2013 Projected	\$0.10	\$0	\$102,830	\$102,830
FY 2014 HB 2 Appropriation	\$0.40	\$292,936	\$102,830	\$395,766
FY 2015 HB 2 Appropriation	\$0.40	\$292,936	\$102,830	\$395,766
*FY 2013-2015 Estimated				

Proprietary Rates

Proprietary Program Description

The Montana Shared Catalog (MSC) is a cooperative project involving 160+ libraries. Public libraries, school libraries, academic libraries, medical libraries, and other special libraries have pooled resources to purchase a robust library automation system. Members enjoy the benefits of shared expertise and the ability to provide great service to library customers.

Proprietary Rate Explanation

In accord with the written agreement each participating MSC library signs upon joining this library consortium, annual fees assessed each library are established on the basis of a membership-approved cost formula. The goal of the cost formula is to distribute MSC annual operational costs as fairly and evenly as possible based on the following: the individual library's titles count (formula weighting=30%), patron count (formula weighting=30%), circulation count (formula weighting=10%), and an equal share contribution (formula weighting=30%). Libraries that fall below a set threshold in their title counts and patron counts receive a fixed discount in accord with criteria set forth in the cost formula.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	59.83	59.83	60.83	60.83	59.83	60.83	1.00	1.67%
Estimated Impact of HB 2*			(2.49)	(2.49)		(2.49)	(2.49)	
Net Estimated FTE*			58.34	58.34		58.34	(1.49)	
Personal Services	3,027,304	3,133,626	3,147,870	3,148,657	6,160,930	6,296,527	135,597	2.20%
Operating Expenses	1,509,535	1,843,501	1,849,174	1,742,822	3,353,036	3,591,996	238,960	7.13%
Equipment & Intangible Assets	55,361	7,159	361,054	163,605	62,520	524,659	462,139	739.19%
Grants	87,120	88,389	87,120	87,120	175,509	174,240	(1,269)	(0.72%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$4,679,320	\$5,072,675	\$5,445,218	\$5,142,204	\$9,751,995	\$10,587,422	\$835,427	8.57%
General Fund	2,824,649	2,934,256	3,418,356	3,118,310	5,758,905	6,536,666	777,761	13.51%
State Special	552,247	581,831	710,814	710,577	1,134,078	1,421,391	287,313	25.33%
Federal Special	752,392	765,318	720,187	719,719	1,517,710	1,439,906	(77,804)	(5.13%)
Other	550,032	791,270	595,861	593,598	1,341,302	1,189,459	(151,843)	(11.32%)
Total Funds	\$4,679,320	\$5,072,675	\$5,445,218	\$5,142,204	\$9,751,995	\$10,587,422	\$835,427	8.57%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

The Montana Historical Society (MHS), authorized by Title 22-3-101, MCA, exists for the use, learning, culture, and enjoyment of the citizens of, and visitors to, the State of Montana. MHS acquires, preserves, and protects historical records, art, documents, photographs, museum objects, historical places, sites, and monuments. MHS maintains a historical museum and a library and archives; provides educational programs and services for teachers and the general public; and, publishes the state historical magazine, press books, and newsletter. MHS also administers the preservation and antiquities acts; supports commissions with state historical orientation; and, provides technical assistance to all Montana museums, historical societies, preservation programs, and owners of historic resources.

Agency Highlights

Montana Historical Society Major Budget Highlights	
♦	The biennial budget increases 8.6% largely due to: <ul style="list-style-type: none"> • Three new budget proposals, one that adds a permanent 1.00 FTE and two proposals that are one-time-only • Increased historical interpretation expenses funded from the lodging facility use tax • Vacancy savings in the base year of 7% compared to the budgeted 6%
♦	The legislative budget establishes authority for proprietary funds at a level about 10% above the FY 2012 base level
♦	The budget increase is funded from the general fund and the accommodations tax

Summary of Legislative Action

The legislature approved an 8.6% budget increase for the Montana Historical Society in the 2015 biennium. HB 2 funds for the Historical Society come mostly from general fund (62%), but the agency also receives a 2.6% share of the

Lodging Facilities Use Tax (bed tax), self-generated revenue from donations, publications, merchandise, and museum entrance fees, and federal historic preservation grants.

General fund increases \$778,000 in the 2015 biennium due primarily to:

- Approval of a 1.0 FTE security guard supervisor -- \$116,000
- OTO funding for archival shelving -- \$402,000
- OTO funding for Original Governor's Mansion interior maintenance -- \$102,000

State special revenue from the bed tax is projected to increase \$150,000 each year. This revenue is restricted by statute to be spent on historical interpretation and the Robert Scriver collection.

Boilerplate

The boilerplate section in HB 2 includes the following language:

"It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium."

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 2.49 FTE for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$6,536,666	\$0	\$0	\$6,536,666	59.7%
State Special Total	1,421,391	-	369,054	1,790,445	16.3%
Federal Special Total	1,439,906	-	-	1,439,906	13.1%
Proprietary Total	1,189,459	-	-	1,189,459	10.9%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	<u>\$10,587,422</u>	<u>\$0</u>	<u>\$369,054</u>	<u>\$10,956,476</u>	
Percent - Total All Sources	96.6%	0.0%	3.4%		

General fund is the primary funding source for this agency.

State special revenue includes:

- Donations to the Society and the Original Governor's Mansion
- An allocation of the lodging facility use tax (2.6%)

Federal funds are from the National Park Service for historic preservation. Proprietary funds for the agency are derived from the sale of documents and merchandise, charges for services, rental of lobby and galleries for receptions, and magazine advertising. Proprietary funds are budgeted to decline when compared on a biennial basis.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,824,649	2,824,649	5,649,298	86.42%	4,679,320	4,679,320	9,358,640	88.39%
Statewide PL Adjustments	206,902	149,774	356,676	5.46%	247,556	190,654	438,210	4.14%
Other PL Adjustments	598	623	1,221	0.02%	150,719	150,709	301,428	2.85%
New Proposals	386,207	143,264	529,471	8.10%	367,623	121,521	489,144	4.62%
Total Budget	\$3,418,356	\$3,118,310	\$6,536,666		\$5,445,218	\$5,142,204	\$10,587,422	

Other Legislation

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	59.83	60.83	60.83	0.00	60.83	60.83	0.00	
Estimated Impact of HB 2*			(2.49)	(2.49)		(2.49)	(2.49)	
Net Estimated FTE*			58.34	(2.49)		58.34	(2.49)	
Personal Services	3,027,304	3,213,606	3,147,870	(65,736)	3,214,410	3,148,657	(65,753)	(131,489)
Operating Expenses	1,509,535	1,850,435	1,849,174	(1,261)	1,744,093	1,742,822	(1,271)	(2,532)
Equipment & Intangible Assets	55,361	361,054	361,054	0	163,605	163,605	0	0
Grants	87,120	87,120	87,120	0	87,120	87,120	0	0
Transfers	0	0	0	0	0	0	0	0
Total Costs	\$4,679,320	\$5,512,215	\$5,445,218	(\$66,997)	\$5,209,228	\$5,142,204	(\$67,024)	(\$134,021)
General Fund	2,824,649	3,466,155	3,418,356	(47,799)	3,162,942	3,118,310	(44,632)	(92,431)
State/Other Special	552,247	713,159	710,814	(2,345)	713,056	710,577	(2,479)	(4,824)
Federal Special	752,392	730,154	720,187	(9,967)	729,677	719,719	(9,958)	(19,925)
Proprietary	550,032	602,747	595,861	(6,886)	603,553	593,598	(9,955)	(16,841)
Total Funds	\$4,679,320	\$5,512,215	\$5,445,218	(\$66,997)	\$5,209,228	\$5,142,204	(\$67,024)	(\$134,021)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget is \$134,000 less than the executive budget request, about 1.3%. The primary difference is that the legislature applied an additional 2% vacancy savings to the agency, in addition to the 4% vacancy savings included in the executive budget.

Language and Statutory Authority

The legislature included the following language in HB 2 for the Montana Historical Society:

"Administration Program includes a reduction in general fund of \$47,152 in fiscal year 2014 and \$44,010 in fiscal year 2015, state special revenue of \$2,089 in fiscal year 2014 and \$2,253 in fiscal year 2015, federal special revenue of \$9,950 in fiscal year 2014 and \$9,938 in fiscal year 2015, and proprietary funds of \$6,545 in fiscal year 2014 and \$9,552 in fiscal year 2015. The reduction is equivalent of an additional 2% vacancy savings. The agency may reallocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	17.43	17.43	18.43	18.43	17.43	18.43	1.00	5.74%
Personal Services	871,415	945,299	949,385	948,423	1,816,714	1,897,808	81,094	4.46%
Operating Expenses	408,447	560,417	479,960	426,067	968,864	906,027	(62,837)	(6.49%)
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$1,279,862	\$1,505,716	\$1,429,345	\$1,374,490	\$2,785,578	\$2,803,835	\$18,257	0.66%
General Fund	888,251	929,938	1,003,128	951,765	1,818,189	1,954,893	136,704	7.52%
State Special	98,010	115,408	96,839	96,411	213,418	193,250	(20,168)	(9.45%)
Federal Special	96,870	100,818	86,920	86,932	197,688	173,852	(23,836)	(12.06%)
Other	196,731	359,552	242,458	239,382	556,283	481,840	(74,443)	(13.38%)
Total Funds	\$1,279,862	\$1,505,716	\$1,429,345	\$1,374,490	\$2,785,578	\$2,803,835	\$18,257	0.66%

Program Description

The Administration Program provides supervision, administration, and coordination of the six programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, and the society store.

Program Highlights

Administration Program Major Budget Highlights	
♦	<p>The legislature increased overall funding to this program less than 1% due to offsetting adjustments:</p> <ul style="list-style-type: none"> Reducing the agency's personal services budget an additional 2% and allocating the entire reduction to this program, with language that allows reallocation to other programs in the agency operating plan A budget proposal permanently adding a 1.0 FTE security guard supervisor Pay adjustments implemented in FY 2012 Vacancy savings in the base year of 11% compared to the budgeted 4%

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget - Administration Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$1,954,893	\$0	\$0	\$1,954,893	69.7%		
State Special Total	\$193,250	\$0	\$0	\$193,250	6.9%		
02041 Mt Hist. Society Donations	\$141,975	\$0	\$0	\$141,975	5.1%		
02853 Accommodation Tax	\$51,275	\$0	\$0	\$51,275	1.8%		
Federal Special Total	\$173,852	\$0	\$0	\$173,852	6.2%		
03021 Historic Sites Preservation	\$173,852	\$0	\$0	\$173,852	6.2%		
Proprietary Total	\$481,840	\$0	\$0	\$481,840	17.2%		
06071 Merchandise - Historical Soc	\$441,223	\$0	\$0	\$441,223	15.7%		
06073 Historical Society Management	\$40,617	\$0	\$0	\$40,617	1.4%		
Total All Funds	\$2,803,835	\$0	\$0	\$2,803,835	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The legislature funded this program with a combination of general fund, state special revenue funds from membership fees and donations and a portion of the lodging facility use tax, federal funds generated through indirect cost recoveries, and proprietary funds from museum entrance fees and merchandise sales.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	888,251	888,251	1,776,502	90.87%	1,279,862	1,279,862	2,559,724	91.29%
Statewide PL Adjustments	103,031	48,581	151,612	7.76%	156,048	101,295	257,343	9.18%
Other PL Adjustments	639	669	1,308	0.07%	812	812	1,624	0.06%
New Proposals	11,207	14,264	25,471	1.30%	(7,377)	(7,479)	(14,856)	(0.53%)
Total Budget	\$1,003,128	\$951,765	\$1,954,893		\$1,429,345	\$1,374,490	\$2,803,835	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					125,212					124,315
Vacancy Savings					(39,865)					(39,828)
Inflation/Deflation					312					597
Fixed Costs					70,389					16,211
Total Statewide Present Law Adjustments		\$103,031	\$881	\$0	\$156,048*		\$48,581	\$585	\$0	\$101,295*
DP 50 - Initial Motion to FY 2012 Base	0.00	(103,031)	(881)	0	(156,048)*	0.00	(48,581)	(585)	0	(101,295)*
DP 51 - Adjustment for Statewide Personal Services	0.00	56,350	482	0	85,347*	0.00	40,520	487	0	84,487*
DP 52 - Adjustment for Statewide Operations	0.00	47,320	436	0	71,513*	0.00	8,730	167	0	17,620*
Total Other Present Law Adjustments	0.00	\$639	\$37	\$0	\$812*	0.00	\$669	\$69	\$0	\$812*
Grand Total All Present Law Adjustments	0.00	\$103,670	\$918	\$0	\$156,860*	0.00	\$49,250	\$654	\$0	\$102,107*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals										
Program	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	(47,152)	(2,089)	(9,950)	(65,736)*	0.00	(44,010)	(2,253)	(9,938)	(65,753)*
DP 15001 - Security Guard Supervisor 1.0 FTE										
01	1.00	58,359	0	0	58,359	1.00	58,274	0	0	58,274
Total	1.00	\$11,207	(\$2,089)	(\$9,950)	(\$7,377)*	1.00	\$14,264	(\$2,253)	(\$9,938)	(\$7,479)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

DP 15001 - Security Guard Supervisor 1.0 FTE - The legislature added general fund and 1.00 FTE for a business operations supervisor to supervise the security staff and daily operations of the museum security office.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	14.75	14.75	14.75	14.75	14.75	14.75	0.00	0.00%
Personal Services	794,895	792,509	795,555	796,615	1,587,404	1,592,170	4,766	0.30%
Operating Expenses	292,955	371,266	354,166	352,307	664,221	706,473	42,252	6.36%
Equipment & Intangible Assets	48,566	6,954	354,259	156,810	55,520	511,069	455,549	820.51%
Total Costs	\$1,136,416	\$1,170,729	\$1,503,980	\$1,305,732	\$2,307,145	\$2,809,712	\$502,567	21.78%
General Fund	1,037,315	1,036,075	1,357,146	1,158,849	2,073,390	2,515,995	442,605	21.35%
State Special	64,999	65,000	112,732	112,781	129,999	225,513	95,514	73.47%
Federal Special	0	0	0	0	0	0	0	n/a
Other	34,102	69,654	34,102	34,102	103,756	68,204	(35,552)	(34.27%)
Total Funds	\$1,136,416	\$1,170,729	\$1,503,980	\$1,305,732	\$2,307,145	\$2,809,712	\$502,567	21.78%

Program Description

The Research Center Program consists of the library, archives, and photograph archives functions. This program acquires, organizes, preserves, makes accessible to the public, and assists researchers with published materials, historic records and manuscripts, photographs and related media, and oral histories illustrative of the history of Montana and the surrounding region. By statute, this program houses the official archives of state government.

Program Highlights

Research Center Major Budget Highlights	
♦	The legislature approved a biennial 22% budget increase for this program that is driven by: <ul style="list-style-type: none"> ▪ A one-time budget proposal adding \$402,000 general fund to increase the shelving area for the archives by 21% • Projected revenue increase from the accommodations tax that will be used to provide additional accessibility to archival materials

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget - Research Center							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,515,995	\$0	\$0	\$2,515,995	89.5%		
State Special Total	\$225,513	\$0	\$0	\$225,513	8.0%		
02853 Accommodation Tax	\$225,513	\$0	\$0	\$225,513	8.0%		
Proprietary Total	\$68,204	\$0	\$0	\$68,204	2.4%		
06072 Misc Enterprise-historical Soc	\$33,826	\$0	\$0	\$33,826	1.2%		
06076 Mhs Library Enterprise Funds	\$34,378	\$0	\$0	\$34,378	1.2%		
Total All Funds	\$2,809,712	\$0	\$0	\$2,809,712	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The legislature funded this program primarily from general fund, as well as state special revenue from the lodging facility use tax and proprietary funds. Proprietary revenue comes from the sale of historic photo reproductions and images.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	1,037,315	1,037,315	2,074,630	82.46%	1,136,416	1,136,416	2,272,832	80.89%
Statewide PL Adjustments	19,838	19,542	39,380	1.57%	20,589	20,343	40,932	1.46%
Other PL Adjustments	(7)	(8)	(15)	0.00%	46,975	46,973	93,948	3.34%
New Proposals	300,000	102,000	402,000	15.98%	300,000	102,000	402,000	14.31%
Total Budget	\$1,357,146	\$1,158,849	\$2,515,995		\$1,503,980	\$1,305,732	\$2,809,712	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					33,810					34,912
Vacancy Savings					(33,150)					(33,192)
Inflation/Deflation					745					1,398
Fixed Costs					19,184					17,225
Total Statewide Present Law Adjustments										
		\$19,838	\$751	\$0	\$20,589		\$19,542	\$801	\$0	\$20,343
DP 50 - Initial Motion to FY 2012 Base										
	0.00	(19,838)	(751)	0	(20,589)	0.00	(19,542)	(801)	0	(20,343)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	636	24	0	660	0.00	1,652	68	0	1,720
DP 52 - Adjustment for Statewide Operations										
	0.00	19,195	709	0	19,904	0.00	17,882	714	0	18,596
DP 15007 - Lodging Facility Use Tax Revenue Increase										
	0.00	0	47,000	0	47,000	0.00	0	47,000	0	47,000
Total Other Present Law Adjustments										
	0.00	(\$7)	\$46,982	\$0	\$46,975	0.00	(\$8)	\$46,981	\$0	\$46,973
Grand Total All Present Law Adjustments										
	0.00	\$19,831	\$47,733	\$0	\$67,564	0.00	\$19,534	\$47,782	\$0	\$67,316

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 15007 - Lodging Facility Use Tax Revenue Increase - The legislature increased state special revenue funding from the lodging facility use tax to provide additional accessibility to archival materials for the public and researchers.

New Proposals

New Proposals										
Program	FTE	Fiscal 2014				Fiscal 2015				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 15003 - Research Program Shelving (Rst/Bien/OTO)										
02	0.00	300,000	0	0	300,000	0.00	102,000	0	0	102,000
Total	0.00	\$300,000	\$0	\$0	\$300,000	0.00	\$102,000	\$0	\$0	\$102,000

DP 15003 - Research Program Shelving (Rst/Bien/OTO) - The legislature added general fund in the 2015 biennium as a restricted, biennial, one-time-only appropriation to add 9,000 linear feet of regular shelving in the Archives storage area with 12,000 linear feet of compact shelving.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	8.05	8.05	8.05	8.05	8.05	8.05	0.00	0.00%
Personal Services	381,462	368,727	388,800	388,849	750,189	777,649	27,460	3.66%
Operating Expenses	402,055	458,302	602,862	552,117	860,357	1,154,979	294,622	34.24%
Equipment & Intangible Assets	6,795	205	6,795	6,795	7,000	13,590	6,590	94.14%
Total Costs	\$790,312	\$827,234	\$998,457	\$947,761	\$1,617,546	\$1,946,218	\$328,672	20.32%
General Fund	487,866	508,411	598,177	547,259	996,277	1,145,436	149,159	14.97%
State Special	299,739	306,192	397,573	397,795	605,931	795,368	189,437	31.26%
Other	2,707	12,631	2,707	2,707	15,338	5,414	(9,924)	(64.70%)
Total Funds	\$790,312	\$827,234	\$998,457	\$947,761	\$1,617,546	\$1,946,218	\$328,672	20.32%

Program Description

The Museum Program collects, preserves, and interprets the history of Montana through its material culture, collecting fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, tours, and traveling exhibits. The program also coordinates with the society's Education program to orchestrate events, programs, and materials on Montana history for learners of all ages.

Program Highlights

Museum Program	
Major Budget Highlights	
<ul style="list-style-type: none"> The legislature approved a biennial 20% budget increase due to: <ul style="list-style-type: none"> Projected revenue increases from the accommodations tax that will fund operating expense increases to enhance the agency's ability to collect, preserve, and interpret Montana history One-time funding adding \$102,000 general fund to complete interior repairs at the original governor's mansion 	

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget - Museum Program						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference Statutory Category
General Fund	\$1,145,436	\$0	\$0	\$1,145,436	56.4%	
State Special Total	\$795,368	\$0	\$83,182	\$878,550	43.3%	
02045 Orig Gov's Mansion Restoration	\$6,350	\$0	\$0	\$6,350	0.3%	
02123 Sites & Signs	\$0	\$0	\$79,138	\$79,138	3.9%	15-65-121 Direct
02853 Accommodation Tax	\$789,018	\$0	\$0	\$789,018	38.9%	
02986 Lewis & Clark License Plates	\$0	\$0	\$4,044	\$4,044	0.2%	90-1-115 Direct
Proprietary Total	\$5,414	\$0	\$0	\$5,414	0.3%	
06077 Mhs Museum Enterprise Funds	\$5,414	\$0	\$0	\$5,414	0.3%	
Total All Funds	\$1,946,218	\$0	\$83,182	\$2,029,400	100.0%	
Percent - Total All Sources	95.9%	0.0%	4.1%			

The program is funded through a combination of general fund, state special revenue from the lodging facility use tax and undesignated donations at the Original Governor's Mansion, and proprietary funds generated through the sales of books, copies, photographs, and the rental of traveling exhibits.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	487,866	487,866	975,732	85.18%	790,312	790,312	1,580,624	81.22%
Statewide PL Adjustments	35,314	32,397	67,711	5.91%	40,157	37,463	77,620	3.99%
Other PL Adjustments	(3)	(4)	(7)	0.00%	92,988	92,986	185,974	9.56%
New Proposals	75,000	27,000	102,000	8.90%	75,000	27,000	102,000	5.24%
Total Budget	\$598,177	\$547,259	\$1,145,436		\$998,457	\$947,761	\$1,946,218	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					23,538					23,590
Vacancy Savings					(16,200)					(16,203)
Inflation/Deflation					(11)					4
Fixed Costs					32,830					30,072
Total Statewide Present Law Adjustments		\$35,314	\$4,843	\$0	\$40,157		\$32,397	\$5,066	\$0	\$37,463
DP 50 - Initial Motion to FY 2012 Base	0.00	(35,314)	(4,843)	0	(40,157)	0.00	(32,397)	(5,066)	0	(37,463)
DP 51 - Adjustment for Statewide Personal Services	0.00	6,453	885	0	7,338	0.00	6,388	999	0	7,387
DP 52 - Adjustment for Statewide Operations	0.00	28,858	3,949	0	32,807	0.00	26,005	4,057	0	30,062
DP 15008 - Lodging Facility Use Tax Revenue Increase	0.00	0	93,000	0	93,000	0.00	0	93,000	0	93,000
Total Other Present Law Adjustments	0.00	(\$3)	\$92,991	\$0	\$92,988	0.00	(\$4)	\$92,990	\$0	\$92,986
Grand Total All Present Law Adjustments	0.00	\$35,311	\$97,834	\$0	\$133,145	0.00	\$32,393	\$98,056	\$0	\$130,449

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 15008 - Lodging Facility Use Tax Revenue Increase - The legislature increased state special authority from the lodging facility use tax to increase historical interpretation expenditures.

New Proposals

New Proposals										
Program	Fiscal 2014					Fiscal 2015				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 15004 - Original Gov's Mansion Repair (Rst/Bien/OTO)										
03	0.00	75,000	0	0	75,000	0.00	27,000	0	0	27,000
Total	0.00	\$75,000	\$0	\$0	\$75,000	0.00	\$27,000	\$0	\$0	\$27,000

DP 15004 - Original Gov's Mansion Repair (Rst/Bien/OTO) - The legislature added \$102,000 (Bien/OTO) general fund in the 2015 biennium for the purpose of interior work on the Original Governor's Mansion, including plaster repair, window repair, electrical work, and concrete work. The funding will be transferred to the Department of Administration to manage the project.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	5.00	5.00	5.00	5.00	5.00	5.00	0.00	0.00%
Personal Services	266,964	259,259	261,575	262,862	526,223	524,437	(1,786)	(0.34%)
Operating Expenses	168,187	181,236	163,519	163,683	349,423	327,202	(22,221)	(6.36%)
Total Costs	\$435,151	\$440,495	\$425,094	\$426,545	\$875,646	\$851,639	(\$24,007)	(2.74%)
General Fund	151,048	141,826	140,267	140,958	292,874	281,225	(11,649)	(3.98%)
Federal Special	0	0	0	0	0	0	0	n/a
Other	284,103	298,669	284,827	285,587	582,772	570,414	(12,358)	(2.12%)
Total Funds	\$435,151	\$440,495	\$425,094	\$426,545	\$875,646	\$851,639	(\$24,007)	(2.74%)

Program Description

The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the award-winning *Montana The Magazine of Western History*. It also publishes books under the Montana Historical Society Press imprint.

Program Highlights

Publications Program Major Budget Highlights	
♦	The legislature decreased the biennial budget in this program due largely to applying 4% vacancy savings in the 2015 biennium. Vacancy savings in this program was 1% in the base year compared to the budgeted 4%

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget - Publications Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$281,225	\$0	\$0	\$281,225	33.0%		
Proprietary Total	\$570,414	\$0	\$0	\$570,414	67.0%		
06002 Mhs Publications Enterprise	\$570,414	\$0	\$0	\$570,414	67.0%		
Total All Funds	\$851,639	\$0	\$0	\$851,639	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The legislature funded this program with a combination of general fund and proprietary funds. Proprietary funds are derived from subscription sales for the magazine and sales of books published by the program. General fund pays a portion of 2.00 FTE, the program manager and an editor, involved in publishing *Montana The Magazine of Western History*.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	151,048	151,048	302,096	107.42%	435,151	435,151	870,302	102.19%
Statewide PL Adjustments	(10,778)	(10,086)	(20,864)	(7.42%)	(10,054)	(8,602)	(18,656)	(2.19%)
Other PL Adjustments	(3)	(4)	(7)	0.00%	(3)	(4)	(7)	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$140,267	\$140,958	\$281,225		\$425,094	\$426,545	\$851,639	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----				-----Fiscal 2015-----				Total Funds
	FTE	General Fund	State Special	Federal Special	FTE	General Fund	State Special	Federal Special	
Personal Services									6,851
Vacancy Savings									(10,953)
Inflation/Deflation									269
Fixed Costs									(4,769)
Total Statewide Present Law Adjustments									
		(\$10,778)	\$0	\$0		(\$10,086)	\$0	\$0	(\$8,602)*
DP 50 - Initial Motion to FY 2012 Base									
0.00	10,778	0	0	10,054*	0.00	10,086	0	0	8,602*
DP 51 - Adjustment for Statewide Personal Services									
0.00	(5,777)	0	0	(5,389)*	0.00	(4,810)	0	0	(4,102)*
DP 52 - Adjustment for Statewide Operations									
0.00	(5,004)	0	0	(4,668)*	0.00	(5,280)	0	0	(4,504)*
Total Other Present Law Adjustments									
0.00	(\$3)	\$0	\$0	(\$3)*	0.00	(\$4)	\$0	\$0	(\$4)*
Grand Total All Present Law Adjustments									
0.00	(\$10,781)	\$0	\$0	(\$10,057)*	0.00	(\$10,090)	\$0	\$0	(\$8,606)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	5.85	5.85	5.85	5.85	5.85	5.85	0.00	0.00%
Personal Services	226,029	285,754	284,463	284,352	511,783	568,815	57,032	11.14%
Operating Expenses	111,189	129,308	125,332	125,249	240,497	250,581	10,084	4.19%
Total Costs	\$337,218	\$415,062	\$409,795	\$409,601	\$752,280	\$819,396	\$67,116	8.92%
General Fund	226,029	285,754	284,435	284,321	511,783	568,756	56,973	11.13%
State Special	89,499	95,231	103,670	103,590	184,730	207,260	22,530	12.20%
Federal Special	0	0	0	0	0	0	0	n/a
Other	21,690	34,077	21,690	21,690	55,767	43,380	(12,387)	(22.21%)
Total Funds	\$337,218	\$415,062	\$409,795	\$409,601	\$752,280	\$819,396	\$67,116	8.92%

Program Description

The Education Program is comprised of three primary activities: Outreach and Interpretation, Historic Signs, and the Volunteer Program. The Outreach and Interpretation Program provides educational public programming of all types, both at the society's headquarters and throughout the state, for a wide range of audiences; plans and produces educational publications, curriculum materials, and instructional literature for broad distribution; plans and produces interpretive, place-based publications, articles, brochures, and tours for statewide distribution/implementation; oversees the National Register Sign Program for the State of Montana, producing interpretive signage for eligible structures and sites in all parts of the state; assists in the planning, production, and placement of non-Register signage in all parts of the state; assists in the planning, production, and distribution of interpretive permanent, temporary, provides reference services to the general public, teachers, students, technical users, and other like-minded institutions and organizations; and oversees the society's volunteer program, coordinating volunteers, and volunteer activities society-wide.

Program Highlights

Education Program Major Budget Highlights	
♦	The legislature increased funding to this program 9% in the 2015 biennium due largely to: <ul style="list-style-type: none"> ▪ Vacancy savings of 25% in the base year compared to the budgeted 4% • Projected revenue increase from the accommodations tax that will fund additional interpretive components for classrooms and public programming

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget - Education Program						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference
General Fund	\$568,756	\$0	\$0	\$568,756	51.5%	
State Special Total	\$207,260	\$0	\$285,872	\$493,132	44.6%	
02123 Sites & Signs	\$0	\$0	\$285,872	\$285,872	25.9%	15-65-121 Direct
02853 Accommodation Tax	\$207,260	\$0	\$0	\$207,260	18.8%	
Proprietary Total	\$43,380	\$0	\$0	\$43,380	3.9%	
06022 Mhs Education Enterprise Funds	\$43,380	\$0	\$0	\$43,380	3.9%	
Total All Funds	\$819,396	\$0	\$285,872	\$1,105,268	100.0%	
Percent - Total All Sources	74.1%	0.0%	25.9%			

The legislature funds this program primarily from general fund.

The state special revenue appropriated in HB 2 is from a 2.6% allocation of the lodging facility use tax and may be used only for the purpose of historical interpretation and costs relating to the Scriver collection. The state special revenue appropriated via a statutory appropriation is from a 1% allocation of the lodging facility use tax and may be used for the installation or maintenance of roadside historical signs and historic sites.

Proprietary funds are the smallest revenue source for this program and are derived from program fees and education enterprises.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	226,029	226,029	452,058	79.48%	337,218	337,218	674,436	82.31%
Statewide PL Adjustments	58,434	58,323	116,757	20.53%	62,612	62,421	125,033	15.26%
Other PL Adjustments	(28)	(31)	(59)	(0.01%)	9,965	9,962	19,927	2.43%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$284,435	\$284,321	\$568,756		\$409,795	\$409,601	\$819,396	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				70,287					70,170
Vacancy Savings				(11,853)					(11,847)
Inflation/Deflation				86					178
Fixed Costs				4,092					3,920
Total Statewide Present Law Adjustments									
	\$58,434	\$4,178	\$0	\$62,612		\$58,323	\$4,098	\$0	\$62,421
DP 50 - Initial Motion to FY 2012 Base									
0.00	(58,434)	(4,178)	0	(62,612)	0.00	(58,323)	(4,098)	0	(62,421)
DP 51 - Adjustment for Statewide Personal Services									
0.00	54,535	3,899	0	58,434	0.00	54,494	3,829	0	58,323
DP 52 - Adjustment for Statewide Operations									
0.00	3,871	272	0	4,143	0.00	3,798	262	0	4,060
DP 15009 - Lodging Facility Use Tax Revenue Increase									
0.00	0	10,000	0	10,000	0.00	0	10,000	0	10,000
Total Other Present Law Adjustments									
0.00	(\$28)	\$9,993	\$0	\$9,965	0.00	(\$31)	\$9,993	\$0	\$9,962
Grand Total All Present Law Adjustments									
0.00	\$58,406	\$14,171	\$0	\$72,577	0.00	\$58,292	\$14,091	\$0	\$72,383

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government Subcommittee.

DP 15009 - Lodging Facility Use Tax Revenue Increase - The legislature increased state special authority from the lodging facility use tax to produce additional interpretive components for classrooms and public programming.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	8.75	8.75	8.75	8.75	8.75	8.75	0.00	0.00%
Personal Services	486,539	482,078	468,092	467,556	968,617	935,648	(32,969)	(3.40%)
Operating Expenses	126,702	142,972	123,335	123,399	269,674	246,734	(22,940)	(8.51%)
Grants	87,120	88,389	87,120	87,120	175,509	174,240	(1,269)	(0.72%)
Total Costs	\$700,361	\$713,439	\$678,547	\$678,075	\$1,413,800	\$1,356,622	(\$57,178)	(4.04%)
General Fund	34,140	32,252	35,203	35,158	66,392	70,361	3,969	5.98%
Federal Special	655,522	664,500	633,267	632,787	1,320,022	1,266,054	(53,968)	(4.09%)
Other	10,699	16,687	10,077	10,130	27,386	20,207	(7,179)	(26.21%)
Total Funds	\$700,361	\$713,439	\$678,547	\$678,075	\$1,413,800	\$1,356,622	(\$57,178)	(4.04%)

Program Description

The Historic Sites Preservation Program (State Historic Preservation Office) administers the Montana Antiquities Act (MCA 22-3-421; ARM 10.121.901) and Montana's participation in the National Historic Preservation Act of 1966, as amended, with its federal programs, guidelines, and grants-in-aid for historic preservation. Staff provide technical assistance to all Montana property owners, including agencies, organizations, and the public. Staff maintains a statewide inventory of recorded historic and archaeological sites. Staff reviews state agencies compliance with state antiquities act. Staff review and comment on all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing in the National Register of Historic Places. Staff administers the National Register of Historic Places program in Montana through the state preservation review board. The office recommends certification of historic structures and rehabilitation projects for federal tax credits to citizens and businesses, as authorized by the Tax Reform Act of 1976. The program awards and administers pass-through federal grants to local governments participating in the federal Certified Local Government Program. The program may also award funds for historic survey and planning for historic areas and for bricks and mortar rehabilitation when funds are available.

Program Highlights

Historic Preservation Program Major Budget Highlights	
♦	The legislature decreased this program's overall budget 4%
♦	The personal services budget decrease in the 2015 biennium is attributable to: <ul style="list-style-type: none"> ▪ Vacancy savings of 3% in the base year compared to the 4% budgeted ▪ Employee turnover

Program Discussion

Personal services are budgeted to decrease in the 2015 biennium primarily due to:

- Termination pay incurred in FY 2012 that is not carried forward into the 2015 biennium budget
- Turnover in one position resulting in a lower salary budgeted in the 2015 biennium
- 3% vacancy savings in the base year compared to 4% budgeted in the 2015 biennium

While personal services were higher than originally budgeted in FY 2012, operating expenses were less than originally budgeted, offsetting the personal services increases.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Montana Historical Society Funding by Source of Authority 2015 Biennium Budget - Historic Preservation Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$70,361	\$0	\$0	\$70,361	5.2%		
Federal Special Total	\$1,266,054	\$0	\$0	\$1,266,054	93.3%		
03021 Historic Sites Preservation	\$1,266,054	\$0	\$0	\$1,266,054	93.3%		
Proprietary Total	\$20,207	\$0	\$0	\$20,207	1.5%		
06013 Shpo Enterprise Fund	\$20,207	\$0	\$0	\$20,207	1.5%		
Total All Funds	\$1,356,622	\$0	\$0	\$1,356,622	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

The program is funded through a combination of general fund, federal special revenue from the National Park Service (NPS), and proprietary funds. Proprietary funds are generated from fees for historical preservation assistance and services and are used to enhance and maintain the agency's antiquities data base. The federal grants from the NPS have a 60:40 federal/state matching requirement. MHS uses funding at the local level to match the federal grant. The NPS grant funds are subject to federal sequestration.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	34,140	34,140	68,280	97.04%	700,361	700,361	1,400,722	103.25%
Statewide PL Adjustments	1,063	1,017	2,080	2.96%	(21,796)	(22,266)	(44,062)	(3.25%)
Other PL Adjustments	0	1	1	0.00%	(18)	(20)	(38)	0.00%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$35,203	\$35,158	\$70,361		\$678,547	\$678,075	\$1,356,622	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----					-----Fiscal 2015-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					1,057					500
Vacancy Savings					(19,504)					(19,483)
Inflation/Deflation					(50)					49
Fixed Costs					(3,299)					(3,332)
Total Statewide Present Law Adjustments										
		\$1,063	\$0	(\$22,238)	(\$21,796)*		\$1,017	\$0	(\$22,715)	(\$22,266)*
DP 50 - Initial Motion to FY 2012 Base	0.00	(1,063)	0	22,238	21,796*	0.00	(1,017)	0	22,715	22,266*
DP 51 - Adjustment for Statewide Personal Services	0.00	900	0	(18,821)	(18,447)*	0.00	867	0	(19,366)	(18,983)*
DP 52 - Adjustment for Statewide Operations	0.00	163	0	(3,434)	(3,367)*	0.00	151	0	(3,369)	(3,303)*
Total Other Present Law Adjustments										
	0.00	\$0	\$0	(\$17)	(\$18)*	0.00	\$1	\$0	(\$20)	(\$20)*
Grand Total All Present Law Adjustments										
	0.00	\$1,063	\$0	(\$22,255)	(\$21,814)*	0.00	\$1,018	\$0	(\$22,735)	(\$22,286)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

Agency Budget Comparison

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding.

Agency Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	93.88	93.88	93.88	93.88	93.88	93.88	0.00	0.00%
Estimated Impact of HB 2*			(3.91)	(3.91)		(3.91)	(3.91)	
Net Estimated FTE*			89.97	89.97		89.97	(3.91)	
Personal Services	5,328,130	6,661,069	5,977,602	5,976,601	11,989,199	11,954,203	(34,996)	(0.29%)
Operating Expenses	4,548,981	6,555,917	5,898,482	5,856,356	11,104,898	11,754,838	649,940	5.85%
Local Assistance	11,139,820	11,030,955	13,144,177	13,077,785	22,170,775	26,221,962	4,051,187	18.27%
Grants	15,713,709	21,627,099	17,239,037	17,852,878	37,340,808	35,091,915	(2,248,893)	(6.02%)
Benefits & Claims	30,617,909	40,508,723	40,617,909	40,617,909	71,126,632	81,235,818	10,109,186	14.21%
Transfers	179,600,026	182,383,158	195,845,345	197,685,100	361,983,184	393,530,445	31,547,261	8.72%
Debt Service	43,480	43,480	67,033	67,033	86,960	134,066	47,106	54.17%
Total Costs	\$246,992,055	\$268,810,401	\$278,789,585	\$281,133,662	\$515,802,456	\$559,923,247	\$44,120,791	8.55%
General Fund	179,551,398	179,553,762	200,703,383	202,609,650	359,105,160	403,313,033	44,207,873	12.31%
State Special	19,827,019	21,274,458	20,788,136	21,294,893	41,101,477	42,083,029	981,552	2.39%
Federal Special	47,540,878	67,906,142	57,222,973	57,154,829	115,447,020	114,377,802	(1,069,218)	(0.93%)
Other	72,760	76,039	75,093	74,290	148,799	149,383	584	0.39%
Total Funds	\$246,992,055	\$268,810,401	\$278,789,585	\$281,133,662	\$515,802,456	\$559,923,247	\$44,120,791	8.55%

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the following pages.

Agency Description

Agency Mission: To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

The Office of the Commissioner of Higher Education (OCHE) is the state-level administrative organization of the Montana University System (MUS). The Montana Constitution, Article X, Section 9, grants governance authority over the MUS to the Board of Regents (Regents), with seven members appointed by the Governor. All state funds appropriated by the legislature to the Regents for the support of the MUS are channeled through OCHE. The Constitution charges the Regents with hiring a Commissioner of Higher Education (CHE) who serves as its executive staff. The agency's 11 programs are:

- OCHE Administration*-General administration of the Montana University System including system level academic, financial, legal, and labor management functions.
- Student Financial Assistance*-Financial assistance programs for students attending units of the Montana University System. Programs include several state and federal funded grant programs, state support for regional professional student exchange programs, and loan repayment assistance programs.
- Improving Teacher Quality*-A federally-funded program intended to provide professional development and teacher training that improves teaching methods and teaching skills in the classroom
- Community College Assistance- State funding for community colleges is budgeted in this program. Two-year community colleges in Kalispell, Glendive, and Miles City collectively serve about 2,300 resident full-time students.
- MUS Group Health Insurance-This program administers a system wide group benefit program for MUS campuses, agencies, and programs, and the state's community colleges. Both the employer and the employee participate in the cost of this program.
- Educational Outreach and Diversity Program*- A primarily federally funded program that serves at-risk and underrepresented populations to increase participation and retention in postsecondary education.
- MUS Self-Insured Workers Compensation- Since July 2003, this program manages the MUS self-insured workers compensation program. All workers compensation insurance for the MUS is provided through this program.

- Workforce Development*- The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and postsecondary levels.
- Appropriation Distribution – State funding for university educational units and agencies is budgeted in this program. The MUS campuses collectively serve approximately 28,800 resident full-time students.
 - University Units*
 - UM Missoula
 - UM MT Tech
 - UM Western
 - UM Helena
 - MSU Bozeman
 - MSU Billings
 - MSU Northern
 - MSU Great Falls
 - Research and Public Service Agencies
 - Agricultural Experiment Station
 - Extension Service
 - Forest and Conservation Experiment Station
 - Bureau of Mines
 - Fire Services Training School
- Tribal College Assistance- Provides funding to Montana tribal colleges to support a portion of the cost of educating nonbeneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana.
- Guaranteed Student Loan Program*-Guarantees student loans that were made by private lenders to higher education students in Montana under the former Federal Family Education Loan Program prior to July 1, 2010. After July 1, all federal student loans will be issued and serviced through the U.S. Department of Education's William D. Ford Direct Loan Program.
- Board of Regents*- This program provides travel and per diem expenses for the Board of Regents.

*Since the 1995 legislative session, the legislature has combined the appropriation for the university educational units and most of OCHE into a single, lump-sum appropriation. Thus, the legislature determines the size of this budget, but the Regents make the ultimate funding allocations to the various university campuses and programs.

Agency Highlights

Montana University System – Office of the Commissioner of Higher Education Major Budget Highlights	
◆	The Montana University System (MUS) 2015 biennium total funds budget is \$44.1 million higher than the 2013 biennium
◆	Increased funding for distribution to MUS educational units and agencies, community colleges, and tribal colleges are the primary drivers of the overall increase
◆	The biennial budget also increases due to an anticipated increase in defaulted loans and collections costs in the Montana Guaranteed Student Loan Program

**Montana University System –
Office of the Commissioner of Higher Education
Major Budget Highlights (continued)**

- The legislature endorsed the HB 2 portion of the Governor's proposed Tuition Cap Agreement, increasing state funding \$34.0 million.
 - The state's share of present law adjustments for the educational units accounts for \$28.2 million. The legislature made the policy choice to fund present law cost increases at the educational units in the same proportion (82%) as the number of Montana resident students and Western Undergraduate Exchange (WUE) students to total students in the Montana University System
 - The legislature restored \$5.2 million general fund in the Student Assistance Program that was part of a funding switch in the 2011 legislative session
 - Present law adjustments for WICHE/WWAMI/Minnesota Dental program were approved as part of the Tuition Cap Agreement
 - The agreement also commits the Montana University System to incorporating a performance funding component into the allocation model used by the Board of Regents for distributing funds to the MUS education units.
- The legislative budget includes 17 new proposals for the MUS. Significant additions include:
 - \$5.2 million general fund restored in the Student Assistance Program for the Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness programs. Federal funds of a like amount are removed.
 - \$0.9 million to expand the number of WWAMI slots by 10 in the 2015 biennium. It will take four years to fill the pipeline with these additional slots.
 - \$1.0 million one-time-only appropriation for workforce development and two year education
 - \$1.0 million one-time-only for expanded veterinary medical education opportunities
 - \$1.5 million for two new proposals for the Agricultural Experiment Station
 - \$0.6 million for increased funding for the Extension Service and the Local Government Center
 - \$1.3 million for two new proposals for the community colleges
 - \$0.4 million for the Bio-Energy Research Center at MSU-Northern
 - \$0.4 million for increased state support for Family Practice Residency programs

Summary of Legislative Action

The 2013 Legislature approved \$559.9 million in total appropriated funds in the 2015 biennium, which is a \$44.1 million and 8.6% increase from the 2013 biennium. Of the \$559.9 million in total funds, 74% (\$412.5 million) will be distributed to higher education institutions and agencies: (biennial amounts)

- \$384.4 million to the MUS education units and agencies
- \$26.0 million to the 3 community colleges
- \$2.1 million to Tribal Colleges for state support of non-beneficiary students

5% (\$27.4 million) of the MUS budget is for Student Financial Assistance programs. The types of assistance include

- Grants and scholarships
- Work study
- Student Loan repayment assistance
- Professional student exchange programs (WICHE, WWAMI, Minnesota Dental)

20% (\$114 million) of the MUS budget is for educational outreach & diversity, workforce development, improving teacher quality, and the guaranteed student loan program, all of which are funded from federal grants and federal reimbursements.

The remaining 1% of the MUS budget is for the Board of Regents administrative expenses and the Office of the Commissioner of Higher Education system level staff.

Tuition Cap Agreement

The 2013 Legislature funded the Governor's proposal for a resident student tuition freeze each year of the 2015 biennium. Funding was provided via HB 2, the general appropriations act, and HB 13, the pay plan bill. The tuition cap agreement is described in more detail in the Appropriation Distribution Program narrative.

The table below summarizes the HB 2 components of the Tuition Cap Agreement.

Governor's Tuition Cap Agreement -- Adopted by the Legislature -- HB 2 Only*		
Budget Item	Program	2015 Biennium
DP 901-State Contribution to Present Law Base	09 Appropriation Distribution	\$28,226,218
DP 205-Restore Student Assistance General Fund	02 Student Assistance	\$5,175,780
DP 201-WICHE/WWAMI/MN Dental Present Law Increase	02 Student Assistance	\$587,417
Total HB 2 Appropriations		<u>\$33,989,415</u>
*The Tuition Cap Agreement also includes full funding of any pay plan bill		

Board of Regent Action

At its May 2013 meeting, the Board of Regents approved a resident tuition rate freeze for FY 2014 and FY 2015 for the 4-year and 2-year campuses of the Montana University System. The freeze applies only to resident tuition rates¹.

The board approved a tuition rate increase for one of the three community colleges at the May 2013 meeting, while the remaining two community colleges did not increase tuition rates for FY 2014. The community colleges are not part of the Tuition Cap Agreement.

For the tuition and mandatory fees approved by the Board of Regents at the May 2013 meeting click on the link below.
<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/5102-BOR-Approved-Tuition-Rates.pdf>

¹The Tuition Cap Agreement applies only to resident tuition. All students must also pay mandatory fees in addition to tuition. The board approved increases in mandatory fees of between 1% and 9% at the MUS campuses except MSU-Northern and Helena College UM which did not request an increase in mandatory fees in the 2015 biennium. Mandatory fees are accounted for in the designated and plant funds while tuition and state funds are accounted for in the current unrestricted fund.

MUS Educational

The biennial budget increase for the MUS educational units in HB 2 is \$31.4 million, or 10.3%. The majority of this increase is attributable to present law adjustments that comprise the Tuition Cap Agreement. Approximately \$3.8 million of the biennial increase is for new proposals described in the agency budget highlights table, and in more detail in the Appropriation Distribution Program narrative.

MUS Research/Public Service Agencies

The legislative budget biennial change for the five research and public service agencies affiliated with the Montana University System is 4.2%. The legislature added \$3.4 million in new proposals in the 2015 biennium. However, the Governor vetoed two line item appropriations for the Agricultural Experiment Station and Extension Service, reducing the appropriation for these agencies by \$650,000 in the 2015 biennium. Overall, new initiatives remaining in the budget for MUS agencies total \$2.8 million.

Community College Assistance

The legislature used the statutory funding formula to calculate a major portion of the general fund appropriation for the community colleges in the 2015 biennium. The formula adjustments, and other adjustments approved by the legislature, added \$4.0 million to the 2013 biennium base budget. Adjustments were included for increased costs of education, increased technical support for converting to Banner accounting software, and one-time-only funding for developing workforce development programs at the eastern Montana community colleges. Overall, the legislature increased the community college budget 18.4% in the 2015 biennium.

Tribal College Assistance

The legislative budget for the tribal colleges increased 21.9% in the 2015 biennium to reflect increased enrollment in non-beneficiary students. The funding increase was approved on a one-time-only basis.

Boilerplate

The boilerplate section in HB 2 includes the following language:

“It is the intent of the legislature that the appropriations for personal services contained in this bill for fiscal year 2014 and fiscal year 2015, except for the reductions contained in decision packages that remove an additional vacancy savings amount, are supported by only the number of FTE that are funded. It is the intent of the legislature that this net level of FTE is the level that will be used to calculate personal services funding in the next biennium.”

The LFD has calculated that this intent language would reduce the current biennium base FTE by 440 statewide and by 3.91 for this agency. The lower level of FTE will be the starting point or base the legislature will use for personal services budget deliberations in the 2017 biennium.

Governor's Line-Item Veto

The Governor vetoed two line items that contained funding for the Agricultural Experiment Station and the Extension Service. Both line items were one-time-only appropriations and were earmarked as follows:

- \$250,000 for the Montana Seed Lab at the Agricultural Experiment Station
- \$400,000 for the Schutter Diagnostic Lab at the Extension Service

Funding

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget					
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	\$403,313,033	\$0	\$2,721,082	\$406,034,115	54.3%
State Special Total	42,083,029	-	1,978,086	44,061,115	5.9%
Federal Special Total	114,377,802	-	-	114,377,802	15.3%
Proprietary Total	149,383	183,643,900	-	183,793,283	24.6%
Current Unrestricted	-	-	-	-	0.0%
Other Total	-	-	-	-	0.0%
Total All Funds	\$559,923,247	\$183,643,900	\$4,699,168	\$748,266,315	
Percent - Total All Sources	74.8%	24.5%	0.6%		

HB 2 funds are primarily general fund. Also included is state special revenue primarily from the six-mill levy and federal funds from various federal education grant programs and program fees earned in the Montana Guaranteed Student Loan Program.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	179,551,398	179,551,398	359,102,796	89.04%	246,992,055	246,992,055	493,984,110	88.22%
Statewide PL Adjustments	(394,881)	(985,574)	(1,380,455)	(0.34%)	859,288	816,523	1,675,811	0.30%
Other PL Adjustments	14,688,831	16,663,598	31,352,429	7.77%	26,400,067	28,264,660	54,664,727	9.76%
New Proposals	6,858,035	7,380,228	14,238,263	3.53%	4,538,175	5,060,424	9,598,599	1.71%
Total Budget	\$200,703,383	\$202,609,650	\$403,313,033		\$278,789,585	\$281,133,662	\$559,923,247	

Other Legislation

HB 5 -- The legislature approved funding for capital projects and improvements for the Montana University System. The bill authorizes \$110.4 million for the 2015 biennium, including \$53.9 million of state funds and \$56.5 million of non-state funds. The table on the following page lists the projects authorized by the 2013 Legislature and the funding amount and source for each project.

Long Range Building Projects Authorized in HB 5 - 2013 Legislature Montana University System					
Item	Project Description	University Unit	Long Range Building Fund	Authorization Only	Total Authorization
Capital Projects					
1	Roof Replacement or other renovations	Great Falls College-MSU	\$1,000,000	\$0	\$1,000,000
2	Construct Automotive Tech Center	MSU-Northern	4,900,000	3,000,000	7,900,000
3	Main Hall Renovation, Phase 3	UM-Western	4,000,000	500,000	4,500,000
4	Construct Natural Resources Research Center Addition	UM-Montana Tech	5,000,000	5,000,000	10,000,000
5	Construct Jabs Hall	MSU-Bozeman	0	20,000,000	20,000,000
6	Construct Athlete Academic Center	UM-Missoula	0	2,500,000	2,500,000
7	Construct Gilkey Executive Education Center	UM-Missoula	0	9,300,000	9,300,000
8	Construct Mansfield Library Student Success	UM-Missoula	0	3,200,000	3,200,000
9	Construct Sci & Instructional Tech Bldg Addition	MSU-Billings	10,000,000	5,000,000	15,000,000
10	Construct Missoula College UM	UM-Missoula	29,000,000	3,000,000	32,000,000
Capital Improvements					
1	General Spending Authority	MUS All Campuses	0	5,000,000	5,000,000
Total HB 5 Authorization			\$53,900,000	\$56,500,000	\$110,400,000

HB 13 – The legislature approved funding for a pay plan for state employees. The bill includes a lump sum appropriation for pay raises that will be determined for their respective employees by the executive, legislative, and judicial branches and the Montana University System. The bill also includes funding for a 10% insurance increase for all employees each year. The legislature did not specify a particular percentage salary increase a state employee should receive, but stipulated that the appropriated funds must be used to increase the base pay of each employee, with particular attention to the lower pay bands and employees who did not receive an increase in the 2013 biennium.

Executive Budget Comparison

The following table compares the legislative budget in the 2015 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Base Budget Fiscal 2012	Executive Budget Fiscal 2014	Legislative Budget Fiscal 2014	Leg – Exec. Difference Fiscal 2014	Executive Budget Fiscal 2015	Legislative Budget Fiscal 2015	Leg – Exec. Difference Fiscal 2015	Biennium Difference Fiscal 14-15
FTE	93.88	93.88	93.88	0.00	93.88	93.88	0.00	
Estimated Impact of HB 2*			(3.91)	(3.91)		(3.91)	(3.91)	
Net Estimated FTE*			89.97	(3.91)		89.97	(3.91)	
Personal Services	5,328,130	6,103,504	5,977,602	(125,902)	6,102,483	5,976,601	(125,882)	(251,784)
Operating Expenses	4,548,981	5,900,347	5,898,482	(1,865)	5,858,393	5,856,356	(2,037)	(3,902)
Local Assistance	11,139,820	12,116,807	13,144,177	1,027,370	12,110,271	13,077,785	967,514	1,994,884
Grants	15,713,709	17,554,595	17,239,037	(315,558)	18,168,436	17,852,878	(315,558)	(631,116)
Benefits & Claims	30,617,909	40,617,909	40,617,909	0	40,617,909	40,617,909	0	0
Transfers	179,600,026	196,972,141	195,845,345	(1,126,796)	198,812,052	197,685,100	(1,126,952)	(2,253,748)
Debt Service	43,480	67,033	67,033	0	67,033	67,033	0	0
Total Costs	\$246,992,055	\$279,332,336	\$278,789,585	(\$542,751)	\$281,736,577	\$281,133,662	(\$602,915)	(\$1,145,666)
General Fund	179,551,398	201,463,308	200,703,383	(759,925)	203,429,719	202,609,650	(820,069)	(1,579,994)
State/Other Special	19,827,019	20,488,136	20,788,136	300,000	20,994,893	21,294,893	300,000	600,000
Federal Special	47,540,878	57,304,659	57,222,973	(81,686)	57,236,531	57,154,829	(81,702)	(163,388)
Proprietary	72,760	76,233	75,093	(1,140)	75,434	74,290	(1,144)	(2,284)
Total Funds	\$246,992,055	\$279,332,336	\$278,789,585	(\$542,751)	\$281,736,577	\$281,133,662	(\$602,915)	(\$1,145,666)

*Estimated impact of HB 2 boilerplate language showing net FTE with reductions. See boilerplate language on the previous pages.

The legislative budget for the Montana University System is \$1.6 million less in general fund and \$1.1 million less in total funds than the executive budget request. The table below shows the major differences between the executive budget and the legislative budget for general fund and state special revenue.

Comparison of Executive MUS Budget Adjustments and Legislative Budget Adjustments - 2015 Biennium - State Funds

General Fund		Executive Budget	Legislative Budget	Legislative - Executive*
<u>Present Law Adjustments</u>				
02-Student Assist.	DP 201-WICHE/WWAMI/MN Dental	\$587,417	\$587,417	\$0
02-Student Assist.	DP 207-Quality Educator Loan Forgiveness (RST/OTO)	486,220	486,220	0
04-Comm Colleges	DP 403-Community College Audit Costs (BIEN/OTO)	73,852	73,852	0
04-Comm Colleges	DP 404-Remove Audit from Base	(61,316)	(122,632)	(61,316)
04-Comm Colleges	DP 405-State Assistance to Community Colleges (EB DP 402)	1,916,902	2,638,666	721,764
09-Distribution	DP 901 - State Support of Educational Units	28,226,217	28,226,217	0
09-Distribution	DP 904 - Statewide Present Law Adjustments Agencies	(752,704)	(692,555)	60,149
09-Distribution	DP 930-Fixed Rate Cost Adjustment	0	146,487	146,487
09-Distribution	General Fund Replacement with Six Mill Levy Funds	(1,616,002)	(1,616,002)	0
Other OCHE Pgms	DP 50-Initial Motion to FY 2012 Base	0	(235,547)	(235,547)
Other OCHE Pgms	DP 51-Adjustment for Statewide Personal Services	0	119,526	119,526
Other OCHE Pgms	DP 52-Adjustment for Statewide Operations	0	117,580	117,580
Other OCHE Pgms	DP 1301-Board of Regents Per Diem & Mileage	7,198	7,198	0
Other OCHE Pgms	Statewide Present Law Adjustments	<u>235,547</u>	<u>235,547</u>	<u>0</u>
Total Present Law Adjustments		<u>\$29,103,331</u>	<u>\$29,971,974</u>	<u>\$868,643</u>
<u>New Proposals</u>				
01-Administration	DP 54 - Additional Vacancy Savings	0	(88,627)	(\$88,627)
Other OCHE Pgms	DP 103-Universal Enrollment (BIEN/OTO)	5,000,000	0	(5,000,000)
02-Student Assist.	DP 202-Veterans' Success (BIEN/OTO)	\$2,000,000	\$1,000,000	(\$1,000,000)
02-Student Assist.	DP 203-WWAMI Expansion	515,265	515,265	0
02-Student Assist.	DP 205-GSL/Student Assistance fund allocation	5,175,780	5,175,780	0
04-Comm Colleges	DP 401-Ongoing Banner Support	0	334,436	334,436
04-Comm Colleges	DP 406-Workforce Development Programs (OTO)	0	1,000,000	1,000,000
09-Distribution	DP 902-Energy & Natural Resources Doctoral Pgm (BIEN/OTO)	600,000	600,000	0
09-Distribution	DP 903-Workforce Development & 2-Year Education (OTO)	2,000,000	1,000,000	(1,000,000)
09-Distribution	DP 905-Veterinary Medicine (BIEN/OTO)	1,000,000	1,000,000	0
09-Distribution	DP 909-WWAMI Expansion	392,909	392,909	0
09-Distribution	DP 920-Increase Funding for Ag Experiment Station **	0	800,000	800,000
09-Distribution	DP 921-Increase Funding for Extension Service **	0	400,000	400,000
09-Distribution	DP 925-Eliminate Vacancy Savings at Ag Experiment Station	0	739,616	739,616
09-Distribution	DP 935-Bio-Energy Research Center at MSU-N (BIEN/OTO)	0	400,000	400,000
09-Distribution	DP 950-Family Practice Residency	0	400,000	400,000
09-Distribution	DP 951-Local Government Center (OTO)	0	200,000	200,000
11-Tribal Colleges	DP 1101 Increase Tribal College Assistance (OTO)	0	368,884	368,884
Other OCHE Pgms	DP 6101-Professional Development Center	2,946	0	(2,946)
Total New Proposals		<u>\$16,686,900</u>	<u>\$14,238,263</u>	<u>(\$2,448,637)</u>
Total General Fund Adjustments-Comparison to Executive		<u>\$45,790,231</u>	<u>\$44,210,237</u>	<u>(\$1,579,994)</u>
<u>State Special Revenue</u>				
<u>Present Law Adjustments</u>				
09-Distribution	DP 901 - State Support of Educational Units	\$57,719	\$0	(\$57,719)
09-Distribution	DP 9071-Motorcycle Safety Equipment Replacement	60,000	117,719	57,719
09-Distribution	General Fund Replacement with Six Mill Levy Funds	1,616,002	1,616,002	0
Other OCHE Pgms	DP 50-Initial Motion to FY 2012 Base	\$0	\$4,003	4,003
Other OCHE Pgms	DP 51-Adjustment for Statewide Personal Services	0	(3,263)	(3,263)
Other OCHE Pgms	DP 52-Adjustment for Statewide Operations	0	(740)	(740)
Other OCHE Pgms	Statewide Present Law Adjustments	<u>(4,003)</u>	<u>(4,003)</u>	<u>0</u>
Total Present Law Adjustments		<u>\$1,729,718</u>	<u>\$1,729,718</u>	<u>\$0</u>
<u>New Proposals</u>				
02-Student Assist.	DP 206-Family Education Savings Plan	\$99,273	\$99,273	\$0
09-Distribution	DP 930-Bureau of Mines Coal & Mine Data Records	0	600,000	600,000
Total New Proposals		<u>\$99,273</u>	<u>\$699,273</u>	<u>\$600,000</u>
Total State Special Revenue Adjustments-Comparison to Executive		<u>\$1,828,991</u>	<u>\$2,428,991</u>	<u>\$600,000</u>
Total MUS Adjustments-Comparison to Executive		<u>\$47,619,222</u>	<u>\$46,639,228</u>	<u>(\$979,994)</u>
*Negative difference indicates Legislative Budget is less than Executive Budget				
**Legislative budget amount reflects Governor's HB 2 veto				

General Fund

Overall, the executive recommended adjustments totaling \$45.8 million general fund. The legislature approved general fund adjustments totaling \$44.2 million, or \$1.6 million less.

The executive recommended \$29.1 million in present law adjustments funded from general fund for the university system while the legislature added \$30.0 million. The \$0.9 million difference is attributable primarily to correcting an error in the executive budget proposal for the community colleges, removing the vacancy savings adjustment at the Forest and Conservation Experiment Station because it has fewer than 20 FTE in its state budget, and increasing fixed costs at the educational units and agencies due to rate changes approved by the legislature.

The executive recommended \$16.7 million in 9 new proposals funded from general fund. The legislature approved 17 new proposals totaling \$14.2 million general fund. Executive-recommended new proposals not fully funded by the legislature include:

- DP 103-Universal Enrollment - \$5.0 million requested; not funded
- DP 202-Veterans' Success - \$2.0 million requested; \$1.0 million funded
- DP 903-Workforce Development & 2-Year Education - \$2.0 million requested; \$1.0 million funded

New legislative initiatives not in the executive budget include:

- DP 920 and DP 925-Increased Support for the Ag Experiment Station - \$1.5 million
- DP 401 and DP 406-Increased Support for the Community Colleges - \$1.3 million
- DP 921 and DP 951-Increased Support for the Extension Service - \$0.6 million
- DP 935-Bio-Energy Research Center MSU-Northern - \$0.4 million
- DP 950-Increase Family Practice Residency - \$0.4 million

State Special Revenue

The legislature adopted the executive's recommendation for present law adjustments funded from state special revenue. The legislature funded a new proposal for the Montana Bureau of Mines with coal bed methane protection state special revenue on a one-time-only basis for the 2015 biennium.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. Language that creates the lump sum appropriation:

"Items designated as OCHE--Administration (01), OCHE Student Assistance (02), Improving Teacher Quality (03), Educational Outreach and Diversity (06), Workforce Development (08), Appropriation Distribution Transfers (09) [excluding Agriculture Experiment Station, Extension Service, Forest and Conservation Experiment Station, Bureau of Mines and Geology, and Fire Services Training School], Guaranteed Student Loan (12), and the Board of Regents (13) are a single biennial lump-sum appropriation."

2. Language appropriating all public funds received by MUS:

"General fund money, state and federal special revenue and proprietary fund revenue appropriated to the board of regents are included in all Montana university system programs. All other public funds received by units of the Montana university system (other than plant funds appropriated in House Bill No. 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy."

3. Language requiring MUS to provide access to MUS Banner Information System:

"The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual

employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g."

4. *Language requiring MUS to provide electronic data required for state's budgeting system:*

"The Montana university system shall provide the electronic data required for entering human resource data for the current unrestricted operating funds into the Montana Budgeting and Reporting System (MBARS). The salary and benefit data provided must reflect approved board of regents operating budgets."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	23.03	23.03	23.03	23.03	23.03	23.03	0.00	0.00%
Personal Services	2,348,762	2,092,394	2,244,492	2,244,089	4,441,156	4,488,581	47,425	1.07%
Operating Expenses	663,112	770,241	725,581	697,242	1,433,353	1,422,823	(10,530)	(0.73%)
Transfers	0	36,000	0	0	36,000	0	(36,000)	(100.00%)
Debt Service	0	0	23,553	23,553	0	47,106	47,106	n/a
Total Costs	\$3,011,874	\$2,898,635	\$2,993,626	\$2,964,884	\$5,910,509	\$5,958,510	\$48,001	0.81%
General Fund	2,539,506	2,329,395	2,580,063	2,556,529	4,868,901	5,136,592	267,691	5.50%
State Special	0	0	0	0	0	0	0	n/a
Federal Special	399,608	493,201	338,470	334,065	892,809	672,535	(220,274)	(24.67%)
Other	72,760	76,039	75,093	74,290	148,799	149,383	584	0.39%
Total Funds	\$3,011,874	\$2,898,635	\$2,993,626	\$2,964,884	\$5,910,509	\$5,958,510	\$48,001	0.81%

Program Description

The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his powers and duties.

Program Highlights

Administration Program	
Major Budget Highlights	
♦	<p>The legislature increased overall funding to this program less than 1% due to offsetting adjustments:</p> <ul style="list-style-type: none"> ▪ Funding Regent-approved across the board pay increases of 1% + \$500 implemented in FY 2012 (additional pay increase of 2% + \$500 was excluded from the personal services snapshot as it was not effective until October 1, 2012) • Increased fixed costs • Applying an additional 2% vacancy savings to the agency and allocating the entire reduction to this program, with language that allows reallocation to other programs in the agency operating plan. Approximately 3/4ths of the federal special revenue reduction shown in this program for the 2015 biennium is attributable to this additional vacancy savings adjustment.

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Administration Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$5,136,592	\$0	\$0	\$5,136,592	86.2%		
Federal Special Total	\$672,535	\$0	\$0	\$672,535	11.3%		
03080 Che Indirect Cost Recovery	\$672,535	\$0	\$0	\$672,535	11.3%		
Proprietary Total	\$149,383	\$0	\$0	\$149,383	2.5%		
06539 Indirect Costs - Oche	\$149,383	\$0	\$0	\$149,383	2.5%		
Total All Funds	\$5,958,510	\$0	\$0	\$5,958,510	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

This program is funded primarily from general fund. About 14% of the funding for the 2015 biennium will come from federal and proprietary revenue to support administrative overhead activities for federal grant programs and proprietary programs administered by other OCHE programs (e.g. Talent Search, GEAR-UP, Perkins, Group Insurance, and MUS Workers Compensation).

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	2,539,506	2,539,506	5,079,012	98.88%	3,011,874	3,011,874	6,023,748	101.09%
Statewide PL Adjustments	84,025	60,623	144,648	2.82%	106,572	77,982	184,554	3.10%
Other PL Adjustments	852	707	1,559	0.03%	1,082	910	1,992	0.03%
New Proposals	(44,320)	(44,307)	(88,627)	(1.73%)	(125,902)	(125,882)	(251,784)	(4.23%)
Total Budget	\$2,580,063	\$2,556,529	\$5,136,592		\$2,993,626	\$2,964,884	\$5,958,510	

The following summarizes the total budget by base, present law adjustments, and new proposals

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
Personal Services					120,400					119,956
Vacancy Savings					(98,768)					(98,747)
Inflation/Deflation					(683)					(385)
Fixed Costs					85,623					57,158
Total Statewide Present Law Adjustments		\$84,025	\$0	\$19,074	\$106,572*			\$60,623	\$0	\$77,982*
DP 50 - Initial Motion to FY 2012 Base	0.00	(84,025)	0	(19,074)	(106,572)*	0.00	(60,623)	0	(14,685)	(77,982)*
DP 51 - Adjustment for Statewide Personal Services	0.00	14,467	0	6,061	21,632*	0.00	14,131	0	5,988	21,209*
DP 52 - Adjustment for Statewide Operations	0.00	70,410	0	13,207	86,022*	0.00	47,199	0	8,868	57,683*
Total Other Present Law Adjustments	0.00	\$852	\$0	\$194	\$1,082*	0.00	\$707	\$0	\$171	\$910*
Grand Total All Present Law Adjustments	0.00	\$84,877	\$0	\$19,268	\$107,654*	0.00	\$61,330	\$0	\$14,856	\$78,892*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
DP 54 - Additional Vacancy Savings										
01	0.00	(44,320)	0	(80,406)	(125,902)*	0.00	(44,307)	0	(80,399)	(125,882)*
Total	0.00	(\$44,320)	\$0	(\$80,406)	(\$125,902)*	0.00	(\$44,307)	\$0	(\$80,399)	(\$125,882)*

* "Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 54 - Additional Vacancy Savings - The legislature applied an additional 2% vacancy savings to all positions except those exempt in statute or that must be filled 24/7. Language was included in HB 2 that allows the agency to allocate the reduction among programs.

Language and Statutory Authority

The legislature approved the following language for HB 2:

"OCHE -- Administration program includes a reduction in general fund of \$44,320 in fiscal year 2014 and \$44,307 in fiscal year 2015, federal special revenue of \$80,406 in fiscal year 2014 and \$80,399 in fiscal year 2015, and proprietary funds of \$1,176 in fiscal year 2014 and \$1,176 in fiscal year 2015. The reduction is the equivalent of an additional 2% vacancy savings. The agency may allocate this reduction in funding among programs when developing 2015 biennium operating plans."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	1.50	1.50	1.50	1.50	1.50	1.50	0.00	0.00%
Personal Services	53,557	103,414	89,811	89,622	156,971	179,433	22,462	14.31%
Operating Expenses	48,338	48,342	97,548	97,661	96,680	195,209	98,529	101.91%
Local Assistance	125,000	125,000	131,000	137,000	250,000	268,000	18,000	7.20%
Grants	12,068,923	13,807,923	13,022,685	13,686,063	25,876,846	26,708,748	831,902	3.21%
Transfers	0	0	0	0	0	0	0	n/a
Total Costs	\$12,295,818	\$14,084,679	\$13,341,044	\$14,010,346	\$26,380,497	\$27,351,390	\$970,893	3.68%
General Fund	9,606,033	10,445,767	13,191,514	13,860,816	20,051,800	27,052,330	7,000,530	34.91%
State Special	101,895	101,824	149,530	149,530	203,719	299,060	95,341	46.80%
Federal Special	2,587,890	3,537,088	0	0	6,124,978	0	(6,124,978)	(100.00%)
Total Funds	\$12,295,818	\$14,084,679	\$13,341,044	\$14,010,346	\$26,380,497	\$27,351,390	\$970,893	3.68%

Program Description

This program includes various types of state-administered financial assistance for postsecondary students in Montana. The types of assistance include need-and merit-based grants, loans, and work study; regional interstate student exchange and assistance, including state support for students attending professional schools which are not available in Montana such as medicine, dentistry and veterinary medicine; and student loan repayment assistance programs. Title 20, Chapters 25 and 26, MCA, govern the program.

Program Highlights

Student Assistance Program Major Budget Highlights	
♦	The legislature approved an overall biennial budget increase of 3.7%
♦	Primary budget adjustments impacting the increase include: <ul style="list-style-type: none"> ♦ \$1.0 million one-time-only increase to implement veterans success programs on the Montana University System campuses ♦ \$0.5 million beginning in FY 2015 as an ongoing increase to expand the number of medical education slots in WWAMI by 10 each year. A related decision package is included in the Appropriation Distribution program for increase costs anticipated for Montana State University (See DP 909)
♦	The general fund funding switch implemented by the 2011 Legislature is mostly reversed in the proposed 2015 biennium executive budget

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Student Assistance Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$27,052,330	\$0	\$0	\$27,052,330	96.3%		
State Special Total	\$299,060	\$0	\$744,336	\$1,043,396	3.7%		
02846 Family Ed Savings Admin Fee	\$299,060	\$0	\$0	\$299,060	1.1%		
02943 Rural Physicians Account	\$0	\$0	\$744,336	\$744,336	2.6%	20-26-1501	Pass Thru
Total All Funds	\$27,351,390	\$0	\$744,336	\$28,095,726	100.0%		
Percent - Total All Sources	97.4%	0.0%	2.6%				

The legislature funded this program primarily from general fund via HB 2. The legislature also appropriated state special revenue in HB 2 to administer the college savings program. The 2011 Legislature implemented a funding switch for the 2013 biennium, whereby it reduced a total of \$5,751,600 general fund and replaced it with a like amount of federal funds available from the Montana guaranteed student loan program. For the 2015 biennium, the legislature replaced most of the fund switch back to general fund, adding \$5,175,780 general fund and reducing federal funds by a like amount (DP 205).

The table below summarizes the student assistance program budget for the 2015 biennium.

Student Financial Assistance Programs Fiscal 2012 through 2015						
Types of Student Assistance	Actual FY 2012	Approp FY 2013	HB 2 FY 2014	HB 2 FY 2015	Biennial \$ Change	Biennial % Change
<u>Grants, Loans & Work Study</u>						
MT Higher Education Grants	\$617,590	\$612,117	\$617,590	\$617,590	\$5,473	0.4%
Baker Grants (MT Tuition Assistance Pgm)	2,018,774	2,018,775	2,018,774	2,018,774	(1)	0.0%
Supplemental Ed. Opportunity Grant*	397,161	402,647	397,161	397,161	(5,486)	-0.7%
Perkins Loan*	68,280	68,280	68,280	68,280	0	0.0%
Work Study	863,003	862,989	863,003	863,003	14	0.0%
Governor's Scholarship Program (Federal)	2,093,000	1,947,864	0	0	(4,040,864)	-100.0%
Governor's Scholarship Program (General Fund)	279,000	446,206	2,372,000	2,372,000	4,018,794	554.2%
Unallocated Federal Authority	0	373,378	0	0	(373,378)	-100.0%
<u>Professional Student Exchange</u>						
WICHE/WWAMI/MN Dentistry	5,305,988	5,998,446	5,522,640	5,676,753	(105,041)	-0.9%
WWAMI 10 Slot Expansion				515,265	515,265	100.0%
DP 202 Veterans' Success	-	-	500,000	500,000	1,000,000	100.0%
<u>Student Loan Repayment Assistance</u>						
Institutional Nursing Incentive	56,237	36,307	56,237	56,237	19,930	21.5%
Quality Educator Loan Forgiveness (Federal)	494,890	1,215,846	0	0	(1,710,736)	-100.0%
Quality Educator Loan Forgiveness (Gen Fund)	0	0	738,000	738,000	1,476,000	100.0%
<u>Administrative Costs</u>						
Student Assistance Administration	0	0	37,829	37,753	75,582	100.0%
Family Savings Program	101,895	101,824	149,530	149,530	95,341	46.8%
Total Costs	<u>\$12,295,818</u>	<u>\$14,084,679</u>	<u>\$13,341,044</u>	<u>\$14,010,346</u>	<u>\$970,893</u>	<u>3.7%</u>
<u>Funding</u>						
General Fund	\$9,606,033	\$10,445,767	\$13,191,514	\$13,860,816	\$7,000,530	34.9%
State Special Revenue	101,895	101,824	149,530	149,530	95,341	46.8%
Federal Funds	<u>2,587,890</u>	<u>3,537,088</u>	<u>0</u>	<u>0</u>	<u>(6,124,978)</u>	<u>-100.0%</u>
Total Funding	<u>\$12,295,818</u>	<u>\$14,084,679</u>	<u>\$13,341,044</u>	<u>\$14,010,346</u>	<u>\$970,893</u>	<u>3.7%</u>

* Represents the state match. The federal matching funds are distributed directly to university campuses.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	9,606,033	9,606,033	19,212,066	71.02%	12,295,818	12,295,818	24,591,636	89.91%
Statewide PL Adjustments	37,829	37,753	75,582	0.28%	35,852	35,727	71,579	0.26%
Other PL Adjustments	459,762	613,875	1,073,637	3.97%	459,762	613,875	1,073,637	3.93%
New Proposals	3,087,890	3,603,155	6,691,045	24.73%	549,612	1,064,926	1,614,538	5.90%
Total Budget	\$13,191,514	\$13,860,816	\$27,052,330		\$13,341,044	\$14,010,346	\$27,351,390	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----					-----Fiscal 2015-----			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special
Personal Services					39,996				
Vacancy Savings					(3,742)				
Inflation/Deflation					68				
Fixed Costs					(470)				
Total Statewide Present Law Adjustments									
		\$37,829	(\$1,977)	\$0	\$35,852		\$37,753	(\$2,026)	\$0
DP 50 - Initial Motion to FY 2012 Base									
	0.00	(37,829)	1,977	0	(35,852)	0.00	(37,753)	2,026	0
DP 51 - Adjustment for Statewide Personal Services									
	0.00	37,829	(1,575)	0	36,254	0.00	37,753	(1,688)	0
DP 52 - Adjustment for Statewide Operations									
	0.00	0	(402)	0	(402)	0.00	0	(338)	0
DP 201 - WICHE/WWAMI/MN Dental									
	0.00	216,652	0	0	216,652	0.00	370,765	0	0
DP 207 - Quality Educator Loan Forgiveness (RST/OTO)									
	0.00	243,110	0	0	243,110	0.00	243,110	0	0
Total Other Present Law Adjustments									
	0.00	\$459,762	\$0	\$0	\$459,762	0.00	\$613,875	\$0	\$0
Grand Total All Present Law Adjustments									
	0.00	\$497,591	(\$1,977)	\$0	\$495,614	0.00	\$651,628	(\$2,026)	\$0

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 201 - WICHE/WWAMI/MN Dental - The legislature increased funding for the 166 current student slots at anticipated increased tuition levels for the WICHE, WWAMI and MN Dental professional student exchange programs.

DP 207 - Quality Educator Loan Forgiveness (RST/OTO) - The legislature added \$243,110 general fund each year of the biennium to fund the current and projected pipeline of students in the program. The legislature anticipates providing loan assistance to 100 new teachers each year of the 2015 biennium in addition to those teachers already in the pipeline. The

legislature established this appropriation as a restricted, one-time-only appropriation for the 2015 biennium. The table below summarizes the actual and projected use of this loan assistance program through the 2015 biennium.

Quality Educator Loan Forgiveness Assistance Program FY 2008 through FY 2015								
FY	New	Return Y2	Return Y3	Return Y4	Total Awarded	Cost		\$/Award
2008	104	-	-	-	104	\$307,280	Actual	\$2,955
2009	37	79	-	-	116	\$330,785	Actual	\$2,852
2010	101	21	41	-	163	\$471,754	Actual	\$2,894
2011	64	49	17	13	143	\$470,221	Actual	\$3,288
2012	98	33	32	4	167	\$494,890	Actual	\$2,963
2013	100	72	49	25	246	\$928,245	Op Budget	\$3,773
2014	100	72	49	25	246	\$738,000	HB 2	\$3,000
2015	100	72	49	25	246	\$738,000	HB 2	\$3,000
This table tracks GRANTS only. Administrative costs are excluded.								

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 202 - Veterans' Success - RST/BIEN/OTO										
02	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 203 - WWAMI Expansion - 10 Slots										
02	0.00	0	0	0	0	0.00	515,265	0	0	515,265
DP 205 - GSL/Student Assistance fund allocation (OTO)										
02	0.00	2,587,890	0	(2,587,890)	0	0.00	2,587,890	0	(2,587,890)	0
DP 206 - Family Education Savings Plan										
02	0.00	0	49,612	0	49,612	0.00	0	49,661	0	49,661
Total	0.00	\$3,087,890	\$49,612	(\$2,587,890)	\$549,612	0.00	\$3,603,155	\$49,661	(\$2,587,890)	\$1,064,926

DP 202 - Veterans' Success - RST/BIEN/OTO - The legislature added a \$1 million restricted, biennial, one-time-only general fund appropriation for the Montana University System (MUS) to provide the services and resources necessary for today's veterans to access and complete college. This funding will help ensure every campus in the MUS provides dedicated services and space to meet veterans' needs by providing resources aimed at increasing the ease of access, transferability of credit, and job placement.

The Montana University System agreed to the following metrics to measure the success of this program:

- Enrollment (total # of veterans enrolled each year)
- Retention Rates (% returning for 2nd year of enrollment)
- Completions (# veterans receiving degrees and certificates)
- Workforce Placement (% of veterans receiving degrees and certificates that find) employment in Montana within one year following graduation)

DP 203 - WWAMI Expansion - 10 Slots - The legislature increased funding \$515,265 to expand the Washington-Wyoming-Alaska-Montana-Idaho (WWAMI) medical education exchange program at Montana State University (MSU) by 10 slots. The student assistance program cost to expand the program by 10 slots at University of Washington, School of Medicine (UWSOM) is \$515,265 beginning in FY 2015 and will increase each year until the pipeline (years 2 thru 4) is full which would occur in FY 2017. Direct operating costs to expand the program at MSU are included in DP-909 in program 09.

The table below projects the biennial subsidy cost of this expansion when the student pipeline is full.

WWAMI Expansion Cost Estimates - 10 Slot Expansion FY 2014 - FY 2019									
Pipeline Year					Cost/Student				
FY	YR1	YR2	YR3	YR4	Total # in pipeline	Cost/Student in YR1	Cost/Student in YR2- YR4*	Total Annual Cost	Biennial Cost
2014	10	0	0	0	10	\$0	\$51,527	\$0	
2015	10	10	0	0	20	\$0	\$51,527	\$515,265	\$515,265
2016	10	10	10	0	30	\$0	\$51,527	\$1,030,540	
2017	10	10	10	10	40	\$0	\$51,527	\$1,545,810	\$2,576,350
2018	10	10	10	10	40	\$0	\$51,527	\$1,545,810	
2019	10	10	10	10	40	\$0	\$51,527	\$1,545,810	\$3,091,620

*This is the amount estimated for FY 15. Future cost per student rates will likely be higher.

The following table shows the legislative budget for the professional student exchange programs. The WWAMI expansion is included in a separate line on the table for illustration purposes only.

WICHE/WWAMI/MINNESOTA Dental Programs Office of the Commissioner of Higher Education 2015 Biennium Legislative Budget									
FY 2014					FY 2015				
PROGRAM	Support Fee	New (1st Year) Students	Cost	Total	Support 515265	New (1st Year) Students	Cost	Continuing Students	Total
WICHE									
Administrative Dues			\$131,000	\$131,000			\$137,000		\$137,000
Student Assistance:									
Medicine	\$30,800	6	\$184,800	\$215,600	\$31,500	6	\$189,000	18	\$756,000
Osteopathic Medicine	20,400	2	40,800	61,200	20,900	1	20,900	5	104,500
Dentistry	23,900	1	23,900	47,800	24,400	1	24,400	5	122,000
Veterinary Medicine	30,600	9	275,400	306,000	31,300	9	281,700	28	876,400
Podiatry	14,200	1	14,200	28,400	14,500	0	0	1	14,500
Optometry	16,400	1	16,400	32,800	16,800	1	16,800	3	50,400
Occupational Therapy	12,600	1	12,600	25,200	12,800	1	12,800	1	21,333
(Includes 1 @ clinical rate \$21,000 for FY 2014 and \$21,333 for FY 2015)									
Subtotal (WICHE Student Support)		21	\$568,100	\$2,309,000		19	\$545,600	61	\$1,756,133
TOTAL WICHE (Including Dues)				\$2,440,000					\$2,438,733
MINNESOTA DENTAL	23,900	2	47,800	95,600	24,400	2	48,800	4	97,600
WWAMI	49,784	20	0	2,987,040	51,527	20	0	60	3,091,620
WWAMI-Expansion	49,784	10	0	0	51,527	10	0	10	515,265
TOTAL WICHE/WWAMI/MN DENTAL		53	\$746,900	\$5,522,640		51	\$731,400	135	\$5,460,618
									\$6,192,018

Notes:

- 1) Rates for all continuing occupational therapy students are calculated at 1 2/3 the annual support fee to include support for two clinical rotations.
- 2) The WWAMI support fee is calculated as an average per continuing student. Actual support varies by program year.

DP 205 - GSL/Student Assistance fund allocation (OTO) - The legislature restored \$2,587,890 in the Student Assistance Program for the Governor's Best and Brightest Scholarship and Quality Educator Loan Forgiveness to general fund each year of the 2015 biennium as part of the Governor's Tuition CAP agreement.

DP 206 - Family Education Savings Plan - The legislature increased the budget of this program by \$49,612 in FY 2014 and \$49,661 in FY 2015 for increased contracted services. Existing fund balance will be used to cover the additional costs.

Language and Statutory Authority

The legislature included the following language in HB 2.

"Veterans' Success in OCHE -- Student Assistance Program may be used only to provide space and services to meet veterans' needs for access to and completion of postsecondary education."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Personal Services	33	44,967	1,890	1,890	45,000	3,780	(41,220)	(91.60%)
Operating Expenses	1,726	6,374	16,726	16,726	8,100	33,452	25,352	312.99%
Grants	323,964	254,836	373,501	323,964	578,800	697,465	118,665	20.50%
Total Costs	\$325,723	\$306,177	\$392,117	\$342,580	\$631,900	\$734,697	\$102,797	16.27%
Federal Special	325,723	306,177	392,117	342,580	631,900	734,697	102,797	16.27%
Total Funds	\$325,723	\$306,177	\$392,117	\$342,580	\$631,900	\$734,697	\$102,797	16.27%

Program Description

Improving Teacher Quality is a federally funded grant program providing awards to fund partnerships between higher education and high-need K-12 school districts in order to provide professional development and teacher training that improves teaching methods and teaching skills in the classroom.

Program Highlights

Improving Teacher Quality Program Major Budget Highlights	
♦	The legislature increased the biennial budget to allow the use of carryover funds
♦	The federal grant that funds this program is subject to federal sequestration

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Improving Teacher Quality							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Federal Special Total	\$734,697	\$0	\$0	\$734,697	100.0%		
03183 Ed For Econ Security Grant	\$734,697	\$0	\$0	\$734,697	100.0%		
Total All Funds	\$734,697	\$0	\$0	\$734,697	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	325,723	325,723	651,446	88.67%
Statewide PL Adjustments	0	0	0	0.00%	(33)	(33)	(66)	(0.01%)
Other PL Adjustments	0	0	0	0.00%	66,427	16,890	83,317	11.34%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$392,117	\$342,580	\$734,697	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments											
-----Fiscal 2014-----					-----Fiscal 2015-----						
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds		
Personal Services				(33)							(33)
Total Statewide Present Law Adjustments		\$0	\$0	(\$33)	(\$33)		\$0	\$0	(\$33)	(\$33)	
DP 50 - Initial Motion to FY 2012 Base											
0.00	0	0	33	33	0.00	0	0	33	33		
DP 51 - Adjustment for Statewide Personal Services											
0.00	0	0	(33)	(33)	0.00	0	0	(33)	(33)		
DP 301 - Title II Federal Funds Improving Teacher Quality											
0.00	0	0	66,427	66,427	0.00	0	0	16,890	16,890		
Total Other Present Law Adjustments											
0.00	\$0	\$0	\$66,427	\$66,427	0.00	\$0	\$0	\$16,890	\$16,890		
Grand Total All Present Law Adjustments											
0.00	\$0	\$0	\$66,394	\$66,394	0.00	\$0	\$0	\$16,857	\$16,857		

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 301 - Title II Federal Funds Improving Teacher Quality - The legislature added federal authority to spend funds available.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Local Assistance	11,014,820	10,905,955	13,013,177	12,940,785	21,920,775	25,953,962	4,033,187	18.40%
Total Costs	\$11,014,820	\$10,905,955	\$13,013,177	\$12,940,785	\$21,920,775	\$25,953,962	\$4,033,187	18.40%
General Fund	11,014,820	10,905,955	13,013,177	12,940,785	21,920,775	25,953,962	4,033,187	18.40%
Total Funds	\$11,014,820	\$10,905,955	\$13,013,177	\$12,940,785	\$21,920,775	\$25,953,962	\$4,033,187	18.40%

Program Description

This program distributes funds appropriated by the Legislature in support of the three community colleges:

- Miles Community College located in Miles City
- Dawson Community College located in Glendive
- Flathead Valley Community College located in Kalispell.

Each community college district has an elected board of trustees. The trustees are subject to the supervision of the Board of Regents, as directed by Title 20, Chapter 15, MCA.

The funding formula and methodology for the state general fund appropriation to the community colleges is outlined in statute at 20-15-310, MCA. The general operating budgets of the community colleges are funded from a state general fund appropriation, student tuition and fees, a mandatory property tax levy, a retirement levy, an optional voted levy, and other miscellaneous funds. Only the state general fund is appropriated in HB 2.

Program Highlights

Community College Assistance	
Major Budget Highlights	
◆	The legislature approved a \$4.0 million increase in state funds for the 2015 biennium <ul style="list-style-type: none"> ▪ \$1.0 million is a one-time-only appropriation to be equally shared between Dawson Community College and Miles Community College to develop workforce development programs to meet workforce needs in Eastern Montana • \$3.0 million is a permanent addition to the budget and includes additional funds for increased costs of education (\$2.6 million) and additional funds to support the recent conversion of 2 community colleges to the same accounting system used by the Montana University System
◆	Statute requires the use of a formula to estimate the state's contribution toward the projected cost of education. The statutory formula factors are: <ul style="list-style-type: none"> ▪ Resident and total student full-time equivalent enrollment ▪ The cost of education, which is rebased biennially ▪ The state percent share
◆	The legislature funded the state share of the cost of education at 50.8%, which is the same percentage used by the 2011 Legislature

Program Narrative

The general fund appropriation level is determined by a three-factor funding formula that is a calculation of the cost of education, the resident student enrollment level, and the state percent share of funding as determined by the legislature as a matter of public policy.

Student Enrollment

Resident student enrollment is an integral factor in the funding formula. The resident student enrollment at all three community colleges has decreased significantly since the 2011 Legislature. In the 2013 biennium, the actual resident student enrollment reported by the community colleges was less than the enrollment projections used by the legislature to establish the state general fund appropriation. As a result, the community colleges will be required to revert state general fund at the end of FY 2013 due to not meeting the resident student FTE projections for the 2013 biennium.

For the 2015 biennium, the 2013 Legislature projected enrollment at 2,288 FTE each year and included language in HB 2 that requires a reversion of state general fund if the enrollment projections are not met. The table below includes historical and projected resident enrollment for the three community colleges for FY 2000 through FY 2015.

Community College Resident Enrollment History FY 2000 Actual through FY 2015 Projected				
FY	Dawson	Flathead	Miles	Total
2000	384	1,157	452	1,993
2001	363	1,144	494	2,001
2002	388	1,269	495	2,152
2003	363	1,380	455	2,198
2004	392	1,605	489	2,486
2005	442	1,407	513	2,362
2006	442	1,332	442	2,216
2007	353	1,223	442	2,018
2008	344	1,310	405	2,059
2009	382	1,516	398	2,296
2010	380	2,020	425	2,825
2011	327	2,053	372	2,752
2012	274	1,845	352	2,471
2013	219	1,704	326	2,249
2014*	255	1,692	341	2,288
2015*	255	1,692	341	2,288
2003 - 2013 Annual Avg Growth	-4.9%	2.1%	-3.3%	
*FY 2014 - 2015 legislative projection				

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Community College Assistance						
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference Statutory Category
General Fund	\$25,953,962	\$0	\$0	\$25,953,962	100.0%	
Total All Funds	\$25,953,962	\$0	\$0	\$25,953,962	100.0%	
Percent - Total All Sources	100.0%	0.0%	0.0%			

The Community College Assistance program is funded entirely with general fund in HB 2. The state appropriation for the community colleges is a separate line item and is not part of the lump sum appropriation to the Montana University System educational units.

The formula calculation for the state funding appropriated to the community colleges is shown in the table below. In addition to the statutory formula calculations, the legislature also adjusted the budget for audit costs, increased computer system support, and one-time funding for workforce program development. These adjustments are shown as "below the line" adjustments in the table.

Community College Assistance Program - Legislative Calculation of General Fund Appropriation for the 2015 Biennium Using Statutory Funding Formula									
Includes a Fixed/Variable Cost Calculation at a 75/25 Ratio									
Budget Item Factors	Fiscal Year 2014				Fiscal Year 2015				Total Biennial Approp.
	Dawson	Flathead Valley	Miles	Total	Dawson	Flathead Valley	Miles	Total	
Projected Resident Student FTE	255	1,692	341	2,288	255	1,692	341	2,288	
Variable Cost of Education per FTE	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	\$2,314	
Fixed Cost of Education	\$2,793,481	\$12,185,385	\$3,885,830	\$18,864,695	\$2,793,481	\$12,185,385	\$3,885,830	\$18,864,695	
Variable Cost of Education	\$590,070	\$3,915,288	\$789,074	\$5,294,432	\$590,070	\$3,915,288	\$789,074	\$5,294,432	
Total Cost of Education	\$3,383,551	\$16,100,673	\$4,674,904	\$24,159,127	\$3,383,551	\$16,100,673	\$4,674,904	\$24,159,127	
State % Share of Cost of Education	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	50.80%	
Calculated Total Funding Budget	\$1,718,844	\$8,179,142	\$2,374,851	\$12,272,837	\$1,718,844	\$8,179,142	\$2,374,851	\$12,272,837	\$24,545,674
Other Funding:									
Legislative Audit (DP 403)	\$27,940	\$23,296	\$22,616	\$73,852	\$0	\$0	\$0	\$0	\$73,852
Banner Ongoing Support (DP 401)	83,244	0	83,244	166,488	83,974	0	83,974	167,948	334,436
Workforce Development Pgms (DP 406)	250,000	0	250,000	500,000	250,000	0	250,000	500,000	1,000,000
Total General Fund Budget	\$2,080,028	\$8,202,438	\$2,730,711	\$13,013,177	\$2,052,818	\$8,179,142	\$2,708,825	\$12,940,785	\$25,953,962

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	11,014,820	11,014,820	22,029,640	84.88%	11,014,820	11,014,820	22,029,640	84.88%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	1,331,869	1,258,017	2,589,886	9.98%	1,331,869	1,258,017	2,589,886	9.98%
New Proposals	666,488	667,948	1,334,436	5.14%	666,488	667,948	1,334,436	5.14%
Total Budget	\$13,013,177	\$12,940,785	\$25,953,962		\$13,013,177	\$12,940,785	\$25,953,962	

Other Legislation

HB 25 - This bill corrects an unintended consequence of the community college statutory funding formula. Prior to passage of this bill, specific costs at the community colleges were funded twice -- once through mandatory and/or permissive mill levies for a specific purpose (i.e. retirement levy, employer health insurance contribution), and an additional 50% (approximately) by the state appropriation.

To prevent this double funding, this bill excludes expenditures funded from these local mill levies from the formula budget base. The legislature held the community colleges "harmless" through 2012 by excluding expenditures from these mill levies that are in excess of the 2012 mill levy levels.

For the 2017 biennium budget, the FY 2014 budget base will include expenditures from the retirement levy and employer health insurance contribution levy capped at the 2012 mill levy levels.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
Fiscal 2014					Fiscal 2015					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Total Statewide Present Law Adjustments										
	\$0			\$0		\$0			\$0	
DP 403 - Community College Audit Costs (BIEN-OTO)										
0.00	73,852	0	0	73,852	0.00	0	0	0	0	0
DP 404 - Remove Audit from Base										
0.00	(61,316)	0	0	(61,316)	0.00	(61,316)	0	0	(61,316)	
DP 405 - State Assistance to Community Colleges										
0.00	1,319,333	0	0	1,319,333	0.00	1,319,333	0	0	1,319,333	
Total Other Present Law Adjustments										
0.00	\$1,331,869	\$0	\$0	\$1,331,869	0.00	\$1,258,017	\$0	\$0	\$1,258,017	
Grand Total All Present Law Adjustments										
0.00	\$1,331,869	\$0	\$0	\$1,331,869	0.00	\$1,258,017	\$0	\$0	\$1,258,017	

DP 403 - Community College Audit Costs (BIEN-OTO) - The legislative budget includes the legislative audit costs as a biennial, one-time-only appropriation at a 50.8% state share.

DP 404 - Remove Audit from Base - The legislature adjusted the budget to remove the legislative audit costs from the FY 2014 and FY 2015 adjusted base.

DP 405 - State Assistance to Community Colleges - The legislature used the statutory funding formula to establish the state appropriation for the state's three community colleges. The legislature continued to use 50.8% of the cost of education as the state percent share. Resident student FTE enrollment is estimated to be 2,288 each year of the 2015 biennium.

New Proposals

New Proposals										
Fiscal 2014					Fiscal 2015					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 401 - Ongoing Banner Support										
04	0.00	166,488	0	0	166,488	0.00	167,948	0	0	167,948
DP 406 - Workforce Development Programs (OTO)										
04	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
Total	0.00	\$666,488	\$0	\$0	\$666,488	0.00	\$667,948	\$0	\$0	\$667,948

DP 401 - Ongoing Banner Support - The legislature increased base funding to Dawson and Miles City Community Colleges for operational costs of the Banner data system.

DP 406 - Workforce Development Programs (OTO) - The legislature added one-time-only general fund for the eastern Montana community colleges for workforce development programs. The funding will be shared equally between Dawson Community College and Miles Community college. This funding will be excluded from the cost of education base for the community college funding formula in the 2017 biennium.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. *Section 20-15-310 requires the appropriations act appropriating funds to the community colleges to include the variable cost of education and the state percent share of the cost of education*

"The variable cost of education for each full-time equivalent student at the community colleges is \$2,314 each year of the 2015 biennium. The general fund appropriation for OCHE--Community College Assistance (04) provides 50.8% of the fixed costs of education plus 50.8% of the variable cost of education for each full-time equivalent student in each year of the 2015 biennium. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance."

2. *Enrollment reversion language*

"The general fund appropriation for OCHE -- Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,288 resident FTE students each year of the 2015 biennium. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated numbers for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142."

3. *Legislative audit cost*

"Total audit costs are estimated to be \$145,378 for the community colleges for the biennium. The general fund appropriation for each community college provides 50.8% of the total audit costs in the 2015 biennium. The remaining 49.2% of these costs must be paid from funds other than those appropriated for OCHE -- Community College Assistance -- Legislative Audit. Audit costs charged to the community colleges for the biennium may not exceed \$55,000 for Dawson, \$44,520 for Miles and \$45,858 for Flathead Valley community colleges."

Program Description

The Board of Regents provides faculty and staff with group benefits through the MUS Group Insurance Program. The commissioner is authorized by Board of Regents policy to administer the program as a self-insured, group insurance plan. The Office of the Commissioner of Higher Education administers the plan with the assistance of recommendations from an inter-unit advisory committee. All university system employees and eligible dependents are offered medical, dental, vision, and group life insurance, as well as long-term disability benefits, a flexible spending account option, and a wellness program. Retirees and their enrolled dependents are eligible to continue medical and pharmacy coverage on a self-pay basis. The community colleges also participate in this program.

Program Highlights

MUS Group Insurance Program Major Budget Highlights	
♦	The MUS Group Insurance Program is funded with enterprise type proprietary funds and is not included in HB 2
♦	The legislature requires the Montana University System to operate the program to maintain the plan on an actuarially sound basis
♦	HB 13 allocates funding to the MUS for employer contribution increases in the 2015 biennium

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Mus Group Insurance Program							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Proprietary Total	\$0	\$174,541,479	\$0	\$174,541,479	100.0%		
06008 Mus Group Insurance Program	\$0	\$165,043,309	\$0	\$165,043,309	94.6%		
06009 Mus Flexible Spending Account	\$0	\$9,487,748	\$0	\$9,487,748	5.4%		
06010 Che Wellness Account	\$0	\$10,422	\$0	\$10,422	0.0%		
Total All Funds	\$0	\$174,541,479	\$0	\$174,541,479	100.0%		
Percent - Total All Sources	0.0%	100.0%	0.0%				

This program is funded with three enterprise type proprietary funds: MUS Group Insurance, MUS Flexible Spending, and CHE Wellness Account. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Proprietary Revenues and Expenses

Revenues

Revenue in this program comes from:

- Employer-paid contributions toward insurance premiums
- Employee-paid contributions toward insurance premiums
- Employee payments to flexible spending accounts
- Investment earnings on the program funds

Expenses

Significant costs for the program are for:

- Insurance claims payments
- Claims management
- Program administration (with a total of 4.65 FTE in FY 2012)
- Wellness program expense

The agency projects non-personnel expenses to increase on average 10% per year between FY 2012 and FY 2015. The primary cost drivers impacting claims expense increases are medical provider cost increases and increased utilization due to the increasing average age of insured covered in the plan.

Personnel related administrative costs are projected to increase to assist with the workload to implement and ensure compliance with the Affordable Care Act.

Proprietary Rate Explanation

The employer-paid portion of the group insurance premium is statutorily established in Section 2-18-703, MCA. The legislature increased the employer-paid portion of the group insurance premium to \$806 per month per eligible, participating employee in FY 2014 and to \$887 per month per eligible, participating employee in FY 2015. The employee-paid portion of the group insurance premium is adjusted as needed by the Montana University System to cover the premium requirements of a variety of benefit options and to maintain employee group benefit plans on an actuarially sound basis.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	19.90	19.90	19.90	19.90	19.90	19.90	0.00	0.00%
Personal Services	885,670	1,191,254	1,091,446	1,093,712	2,076,924	2,185,158	108,234	5.21%
Operating Expenses	992,571	947,146	1,542,375	1,542,547	1,939,717	3,084,922	1,145,205	59.04%
Grants	616,624	3,861,131	616,624	616,624	4,477,755	1,233,248	(3,244,507)	(72.46%)
Transfers	1,289,703	2,906,297	1,289,703	1,289,703	4,196,000	2,579,406	(1,616,594)	(38.53%)
Total Costs	\$3,784,568	\$8,905,828	\$4,540,148	\$4,542,586	\$12,690,396	\$9,082,734	(\$3,607,662)	(28.43%)
General Fund	83,218	74,112	90,971	90,782	157,330	181,753	24,423	15.52%
Federal Special	3,701,350	8,831,716	4,449,177	4,451,804	12,533,066	8,900,981	(3,632,085)	(28.98%)
Total Funds	\$3,784,568	\$8,905,828	\$4,540,148	\$4,542,586	\$12,690,396	\$9,082,734	(\$3,607,662)	(28.43%)

Program Description

- Educational Outreach and Diversity is primarily a federally funded program intended to decrease the dropout rate of low-income and at-risk students at the secondary school level, and to increase their enrollment in postsecondary education. The Educational Outreach and Diversity program has three components providing services to the target populations:
- Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) is an early intervention and scholarship program that provides mentoring, counseling and outreach to build academic success that will lead to postsecondary education enrollment and achievement. The program provides these services to an entire cohort of students at participating schools starting in seventh grade, and the program services follow that cohort through high school completion.
- Montana Educational Talent Search (METS) creates a long-term academic contract with middle school students that subsequently provide academic support, skills building, and counseling to encourage the planning, preparation and pursuit of a postsecondary education.
- American Indian/Minority Achievement (AIMA) is responsible for American Indian and minority recruitment and retention in the university system, oversight for the campus diversity plans, and implementation of Indian Education for All programs in the university system. An overall objective of the program is to work with the campuses of the MUS in order to increase recruitment, enrollment, and graduation rates of American Indian and other minority students.

Program Highlights

Educational Outreach & Diversity Program	
Major Budget Highlights	
◆	General fund in this program supports the American Indian/Minority Achievement function and is about 2% of total biennial program expenditures
◆	The federal grants supporting the Talent Search and GEAR UP programs are not subject to the federal sequestration
◆	While federal funds increase in the 2015 biennium from base year expenditures when compared to the 2013 biennium, federal special revenue authority budgeted for the educational outreach function decreases 29%
◆	\$4.0 million of authorized, but unexpended, federal GEAR-UP funds from prior years are included in FY 2013 in the budget comparison table, resulting in a higher budget in FY 2013 than either FY 2012 or either year of the 2015 biennium

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Educational Outreach & Diversity							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$181,753	\$0	\$0	\$181,753	2.0%		
Federal Special Total	\$8,900,981	\$0	\$0	\$8,900,981	98.0%		
03042 2nd Gear Up Grant	\$6,442,166	\$0	\$0	\$6,442,166	70.9%		
03411 Gear Up Trio Scholarship	\$550,000	\$0	\$0	\$550,000	6.1%		
03412 2005 Gear Up Fed School Trust	\$550,000	\$0	\$0	\$550,000	6.1%		
03806 Talent Search	\$1,358,815	\$0	\$0	\$1,358,815	15.0%		
Total All Funds	\$9,082,734	\$0	\$0	\$9,082,734	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

- General fund supports the American Indian/Minority Achievement component of the program
- Federal funds are from two grant sources, neither of which are subject to the federal budget sequestration under the Budget Control Act
 - The Talent Search grant, comprising about 15% of the biennial program funding, has no non-federal matching requirement
 - The GEAR-UP grant, comprising 77% of the biennial budget, requires a 50% non-federal fund match, which is provided through allowable in-kind services

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	83,218	83,218	166,436	91.57%	3,784,568	3,784,568	7,569,136	83.34%
Statewide PL Adjustments	7,753	7,564	15,317	8.43%	205,580	208,018	413,598	4.55%
Other PL Adjustments	0	0	0	0.00%	550,000	550,000	1,100,000	12.11%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$90,971	\$90,782	\$181,753		\$4,540,148	\$4,542,586	\$9,082,734	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
-----Fiscal 2014-----					-----Fiscal 2015-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				251,252					253,614
Vacancy Savings				(45,476)					(45,572)
Inflation/Deflation				(196)					(24)
Total Statewide Present Law Adjustments	\$7,753	\$0	\$197,827	\$205,580		\$7,564	\$0	\$200,454	\$208,018
DP 50 - Initial Motion to FY 2012 Base	0.00	(7,753)	0	(197,827)	0.00	(7,564)	0	(200,454)	(208,018)
DP 51 - Adjustment for Statewide Personal Services	0.00	7,770	0	198,006	0.00	7,576	0	200,466	208,042
DP 52 - Adjustment for Statewide Operations	0.00	(17)	0	(179)	0.00	(12)	0	(12)	(24)
DP 601 - Present law increases for OCHE programs	0.00	0	0	550,000	0.00	0	0	550,000	550,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$550,000	0.00	\$0	\$0	\$550,000	\$550,000
Grand Total All Present Law Adjustments	0.00	\$7,753	\$0	\$747,827	0.00	\$7,564	\$0	\$750,454	\$758,018

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 601 - Present law increases for OCHE programs - The legislature added \$550,000 authority each year from federal funds for scholarship awards made by the GEAR UP program.

Program Description

The Montana Board of Regents created the Montana University System Self-Funded Workers' Compensation Program April 2003 as allowed by the Workers' Compensation Act in Title 39, Chapter 71 of the Montana Codes Annotated. This program, which became effective in July 2003, provides workers' compensation insurance coverage for all university system employees and employees of the Office of Commissioner of Higher Education. The MUS Self-Funded Workers' Compensation Insurance Committee, comprised of nine voting members, one from each of the eight participating campuses of the MUS and one from the Office of the Commissioner of Higher Education, is responsible for policy and management decisions of the program.

Program Highlights

MUS Workers' Compensation Program Major Budget Highlights	
♦	The MUS Workers' Compensation Program is funded with enterprise type proprietary funds and is not included in HB 2
♦	The legislature requires the Montana University System to operate the program to maintain the plan on an actuarially sound basis
♦	Premium rates are based upon actuarial principles and are reviewed by the MUS Workers' Compensation Insurance Committee

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Mus Workers Compensation Program							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Proprietary Total	\$0	\$9,102,421	\$0	\$9,102,421	100.0%		
06082 Mus Self-funded Workers Comp	\$0	\$9,102,421	\$0	\$9,102,421	100.0%		
Total All Funds	\$0	\$9,102,421	\$0	\$9,102,421	100.0%		
Percent - Total All Sources	0.0%	100.0%	0.0%				

This program is funded with an enterprise type proprietary fund. As such, the legislature does not appropriate funds or approve rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies any concerns with the financial position of the fund.

Proprietary Revenues and Expenses

Revenues

Employer-paid premiums and interest earnings on the invested program reserve funds are the primary revenue sources to this program. The agency is projecting a small premium revenue increase in FY 2014 and FY 2015 compared to FY 2012 attributable to employee growth and increased salaries and wages. Worker compensation premium rates in the MUS Self-Funded Workers Compensation Program are projected to remain unchanged, or nearly so, in the 2015 biennium.

Expenses

Expenditures include claims and administrative operating expenses. Administrative costs are projected to remain relatively stable in the 2015 biennium; however, each budget year includes an additional year of claims liability and an estimate for claims incurred but not reported, and so overall expenditures are expected to increase moderately during that same time period.

Proprietary Rate Explanation

Premium rates for the program are based upon commonly accepted actuarial principles developed by a qualified actuary and reviewed by the MUS Self-Funded Workers' Compensation Insurance Committee and the administrator. Rate determination considers historical data of MUS claims experience and reserving practices as well as state and national trends in workers compensation and legal and economic environments. The rates and fees for the workers compensation program are defined as those premiums charged to the employer units of the Montana University System that are necessary to fund the operations and the claims payment obligations.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	4.45	4.45	4.45	4.45	4.45	4.45	0.00	0.00%
Personal Services	223,017	539,428	351,871	351,075	762,445	702,946	(59,499)	(7.80%)
Operating Expenses	382,490	254,159	450,412	450,100	636,649	900,512	263,863	41.45%
Grants	1,862,113	2,861,124	2,199,700	2,199,700	4,723,237	4,399,400	(323,837)	(6.86%)
Transfers	3,275,059	3,304,435	3,275,059	3,275,059	6,579,494	6,550,118	(29,376)	(0.45%)
Total Costs	\$5,742,679	\$6,959,146	\$6,277,042	\$6,275,934	\$12,701,825	\$12,552,976	(\$148,849)	(1.17%)
General Fund	90,067	90,067	90,067	90,067	180,134	180,134	0	0.00%
Federal Special	5,652,612	6,869,079	6,186,975	6,185,867	12,521,691	12,372,842	(148,849)	(1.19%)
Total Funds	\$5,742,679	\$6,959,146	\$6,277,042	\$6,275,934	\$12,701,825	\$12,552,976	(\$148,849)	(1.17%)

Program Description

The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and post-secondary levels.

Program Highlights

Workforce Development Program	
Major Budget Highlights	
◆	The legislature approved a slight decrease in the 2015 biennium budget for this program due to reduced federal funds. .
◆	General fund provides the required state match for grant administration costs and remains level for the 2015 biennium
◆	The federal funds supporting this program are subject to the federal sequestration

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Work Force Development Pgm							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$180,134	\$0	\$0	\$180,134	1.4%		
Federal Special Total	\$12,372,842	\$0	\$0	\$12,372,842	98.6%		
03163 Perkins Rpos	\$501,734	\$0	\$0	\$501,734	4.0%		
03215 Carl Perkins Federal Funds	\$11,871,108	\$0	\$0	\$11,871,108	94.6%		
Total All Funds	\$12,552,976	\$0	\$0	\$12,552,976	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Funding for this program is nearly all federal funds. These federal funds:

- Are authorized by the federal Carl D. Perkins Career and Technical Education Improvement Act of 2006
- Are received by the Office of the Commissioner of Higher Education and distributed to postsecondary programs and to the Office of Public Instruction for secondary programs
- Require a dollar for dollar match on funds used for administration

The state general fund in this program is the non-federal match for the postsecondary administration costs. The state match for secondary administration is accounted for in the Office of Public Instruction.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	90,067	90,067	180,134	100.00%	5,742,679	5,742,679	11,485,358	91.50%
Statewide PL Adjustments	0	0	0	0.00%	128,778	128,011	256,789	2.05%
Other PL Adjustments	0	0	0	0.00%	405,585	405,244	810,829	6.46%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$90,067	\$90,067	\$180,134		\$6,277,042	\$6,275,934	\$12,552,976	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
-----Fiscal 2014-----						-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					143,516					142,686
Vacancy Savings					(14,662)					(14,628)
Inflation/Deflation					(76)					(47)
Total Statewide Present Law Adjustments										
		\$0	\$0	\$128,778	\$128,778		\$0	\$0	\$128,011	\$128,011
DP 50 - Initial Motion to FY 2012 Base										
	0.00	0	0	(128,778)	(128,778)	0.00	0	0	(128,011)	(128,011)
DP 51 - Adjustment for Statewide Personal Services										
	0.00	0	0	128,854	128,854	0.00	0	0	128,058	128,058
DP 52 - Adjustment for Statewide Operations										
	0.00	0	0	(76)	(76)	0.00	0	0	(47)	(47)
DP 801 - Present law adjustments for Perkins Program										
	0.00	0	0	405,585	405,585	0.00	0	0	405,244	405,244
Total Other Present Law Adjustments										
	0.00	\$0	\$0	\$405,585	\$405,585	0.00	\$0	\$0	\$405,244	\$405,244
Grand Total All Present Law Adjustments										
	0.00	\$0	\$0	\$534,363	\$534,363	0.00	\$0	\$0	\$533,255	\$533,255

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 801 - Present law adjustments for Perkins Program - The legislature added federal appropriation authority to spend additional available funds on contracted services and grants.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Transfers	175,035,264	175,993,070	191,280,583	193,120,338	351,028,334	384,400,921	33,372,587	9.51%
Total Costs	\$175,035,264	\$175,993,070	\$191,280,583	\$193,120,338	\$351,028,334	\$384,400,921	\$33,372,587	9.51%
General Fund	155,310,140	154,820,436	170,641,977	171,974,975	310,130,576	342,616,952	32,486,376	10.48%
State Special	19,725,124	21,172,634	20,638,606	21,145,363	40,897,758	41,783,969	886,211	2.17%
Total Funds	\$175,035,264	\$175,993,070	\$191,280,583	\$193,120,338	\$351,028,334	\$384,400,921	\$33,372,587	9.51%

Program Description

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to: 1) the university system units and colleges of technology and other campus related appropriations, and 2) the research/public service agencies.

Program Highlights

Appropriation Distribution Program	
Major Budget Highlights	
<ul style="list-style-type: none"> • The 2015 biennium budget for the MUS educational units and research and public service agencies increases 9.5%, or \$33.4 million, from the 2013 biennium base budget ♦ The Governor vetoed two HB 2 line item appropriations impacting the Agricultural Experiment Station and the Extension Service, reducing the \$2.8 million of new legislative proposals for these agencies by \$650,000 in the 2015 biennium ♦ Most of the funding that was appropriated in HB 2 as part of the Tuition Cap Agreement for the 2015 biennium is included in this program <ul style="list-style-type: none"> • \$28.2 million general fund was added to the educational units to fund an 82% state share of the present law cost increases in the MUS general operating budget for the 2015 biennium • The agreement also commits the Montana University System to incorporating a performance funding component into the allocation model used by the Board of Regents for distributing funds to the MUS education units. 	

**Appropriation Distribution Program
Major Budget Highlights (continued)**

- ◆ 10 new proposals totaling \$5.90 million general fund were funded for the 2015 biennium. Significant additions include:
 - \$0.8 million for two proposals, focused upon increasing access to medical education for Montana students and increasing the number of physicians practicing in Montana (DP 909 and DP 950)
 - \$0.6 million for a one-time-only appropriation to develop an energy and natural resources doctoral program at UM Montana Tech (DP 902)
 - \$1.0 million for a one-time-only appropriation for workforce development and two year education (DP 903)
 - \$1.0 million for a one-time-only appropriation to expand veterinary medicine opportunities to Montana students (DP 905)
 - \$2.1 million for four proposals increasing budgets for the Agricultural Experiment Station and Extension Service, and eliminating vacancy savings for the 2015 biennium at the Agricultural Experiment Station (DP 920, DP 921, and DP 925, and DP 951)

Program Narrative

Tuition Cap Agreement and Performance Funding

The 2013 Legislature funded the Governor's proposal for a resident student tuition freeze each year of the 2015 biennium. Funding was provided via HB 2, the general appropriations act, and HB 13, the pay plan bill. The Board of Regents will make the final determination of whether to implement the tuition freeze at its May 2013 meeting.

Significant HB 2 components of the tuition cap agreement include:

- 1) \$28.2 million was added in the 2015 biennium for an 82% state share of present law cost increases at the MUS education units. The adjustments included faculty, classified, and contract employee market/merit/inversion pay; mandatory fee waivers, utilities and library inflation, overtime; and fixed costs.
- 2) No adjustment was made for resident or Western Undergraduate Exchange (WUE) student enrollment increases or decreases in the 2015 biennium. State funding will not be increased or decreased as a result of actual enrollment being higher or lower than the FY 2012 resident/WUE level as outlined in 17-7-142, MCA.
- 3) General fund totaling \$2.6 million each year of the 2015 biennium was restored to the Student Assistance Program, reversing a one-time funding switch to federal funds for the 2013 biennium.
- 4) \$0.59 million was added for estimated increased tuition support for the current level of professional student exchange programs (WICHE/WWAMI/Minnesota Dental).

HB 13 Components:

- 1) The agreement relies on a state appropriation to the MUS to fund fully any raises that the legislature approves in a state employee pay plan.
- 2) HB 13 includes funding for increasing employer contributions for health insurance premiums 10% each year of the 2015 biennium (the same increase provided for all eligible state employees).
- 3) HB 13 did not include a specific dollar or percentage across the board pay increase for state employees. Instead, the legislature allocated funds to the branches of government, including a separate allocation for the Montana University System.

- 4) The Montana Board of Regents will make the final determination on how much of the HB 13 funding allocation will be used for increased employer contribution for health insurance premiums and how much will be used for employee pay increases.

Performance Funding:

- 1) The tuition cap agreement also includes a commitment by the Montana University System to incorporate a performance funding component into the allocation model used by the Board of Regents to distribute state funds to the MUS education units.
- 2) Approximately one-half of the FY 2015 present law adjustment -- \$7.5 million -- will be designated for performance funding and distributed based upon progress toward increasing college completions and other related outcomes.

May 2013 Board of Regents Action on Resident Tuition for 2015 Biennium

At its May 2013 meeting, the Board of Regents approved a resident tuition rate freeze for FY 2014 and FY 2015 for the 4-year and 2-year campuses of the Montana University System. The freeze applies only to resident tuition rates².

The board approved a tuition rate increase for one of the three community colleges at the May 2013 meeting, while the remaining two community colleges did not increase tuition rates for FY 2014. The community colleges are not part of the Tuition Cap Agreement.

For tuition and mandatory fees approved by the Board of Regents at the May 2013 meeting click on the link below.

<http://leg.mt.gov/content/Publications/fiscal/FR-2015/Additional-Data-Tables/5102-BOR-Approved-Tuition-Rates.pdf>

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Appropriation Distribution							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$343,266,952	\$0	\$2,721,082	\$345,988,034	88.9%	19-21-203	Direct
State Special Total	\$41,783,969	\$0	\$1,233,750	\$43,017,719	11.1%		
02111 Accommodation Tax Account	\$0	\$0	\$1,233,750	\$1,233,750	0.3%	15-65-121	Pass Thru
02289 Bureau Of Mines Groundwater	\$1,332,000	\$0	\$0	\$1,332,000	0.3%		
02443 University Millage	\$38,632,478	\$0	\$0	\$38,632,478	9.9%		
02576 Natural Resources Operations Ssr Fund	\$351,772	\$0	\$0	\$351,772	0.1%		
02694 Coal Bed Methane Protection	\$600,000	\$0	\$0	\$600,000	0.2%		
02944 Motorcycle Safety Training	\$867,719	\$0	\$0	\$867,719	0.2%		
Total All Funds	\$385,050,921	\$0	\$3,954,832	\$389,005,753	100.0%		
Percent - Total All Sources	99.0%	0.0%	1.0%				

The Appropriation Distribution program is the conduit through which state funds are transferred to the university educational units and the research/public service agencies affiliated with the university units. State funding in this program comes from six sources:

²The Tuition Cap Agreement applies only to resident tuition. All students must also pay mandatory fees in addition to tuition. The board approved increases in mandatory fees of between 1% and 9% at the MUS campuses except MSU-Northern and Helena College UM which did not request an increase in mandatory fees in the 2015 biennium. Mandatory fees are accounted for in the designated and plant funds while tuition and state funds are accounted for in the current unrestricted fund.

- 1) State general fund;
- 2) State special revenue from the statewide six-mill property tax levy that is appropriated for the support, maintenance, and improvement of the Montana University System. The legislature increased funding from the statewide six-mill levy \$1.6 million in the 2015 biennium compared to the FY 2012 base six-mill funding. This adjustment offset the amount of general fund that otherwise would have been needed;
- 3) State special revenue from the motorcycle safety account that is funded from motorcycle endorsement fees and motorcycle safety fees that is appropriated for the operation of the Montana motorcycle safety training program at MSU-Northern in Havre;
- 4) State special revenue from the groundwater assessment account that is funded from an allocation of resource indemnity trust interest and an allocation of taxes on mineral production and is used to fund groundwater assessment activities at the Montana Bureau of Mines in Butte;
- 5) State special revenue from an allocation of the natural resources operations account that is funded from resource indemnity trust interest, metal mines tax, and oil and natural gas production tax. This revenue is also used to fund groundwater assessment activities at the Montana Bureau of Mines; and
- 6) State special revenue from a one-time-only appropriation from the coal bed methane protection account for the 2015 biennium only. This funding will be used at the Montana Bureau of Mines for making coal and mine data available online to the public. (See New Proposal DP 930)

State general fund for the education units and the state special revenue from the statewide six-mill property tax levy are appropriated as part of the lump sum appropriation and are distributed by the board of regents to the education units using an allocation formula. State general fund and the state special revenues for the Bureau of Mines are line-itemed in HB 2 for each research or public service agency.

The figure below illustrates the legislative budget for each component of the appropriation distribution program, including the university education units and the research/public service agencies.

Montana University System Legislative Budget - HB 2 Appropriation Distribution Program - 2015 Biennium								
Unit	FY 2012 Base	State Share Present Law FY 2014	New Proposals FY 2014	Legislative Budget FY 2014	State Share Present Law FY 2015	New Proposals FY 2015	Legislative Budget FY 2015	2015 Biennium Total
Educational Units								
MSU Gt Falls	\$5,910,069	\$345,042		\$6,255,111	\$343,935		\$6,254,004	\$12,509,115
UM Helena	4,502,265	393,138		4,895,403	398,192		4,900,457	9,795,860
UM Missoula	49,268,294	4,699,207		53,967,501	5,755,303		55,023,597	108,991,097
MSU Bozeman	44,490,570	4,431,645		48,922,215	5,006,899		49,497,469	98,419,683
UM Tech	12,897,465	816,031		13,713,496	939,776		13,837,241	27,550,737
MSU Billings	18,851,964	1,017,468		19,869,432	1,073,698		19,925,662	39,795,094
MSU Northern	8,422,062	955,049		9,377,111	930,602		9,352,664	18,729,775
UM Western	6,576,301	597,885		7,174,186	661,116		7,237,417	14,411,603
Motorcycle Safety Program	375,000	88,994		463,994	28,725		403,725	867,719
New Proposals								
902-Energy & Natural Resources Doctoral Program (Biennial/OTO)			300,000	300,000		300,000	300,000	600,000
903-Workforce Development & 2-Yr Education (OTO)			500,000	500,000		500,000	500,000	1,000,000
905-Veterinary Medicine (BIEN/OTO)			500,000	500,000		500,000	500,000	1,000,000
909-WWAMI Expansion (Ongoing)			193,551	193,551		199,358	199,358	392,909
935-Bio-Energy Research Center/MSU-N (OTO)			200,000	200,000		200,000	200,000	400,000
950-Family Practice Residency (Ongoing)			<u>200,000</u>	<u>200,000</u>		<u>200,000</u>	<u>200,000</u>	<u>400,000</u>
Subtotal Ed Units	<u>\$151,293,989</u>	<u>\$13,344,459</u>	<u>\$1,893,551</u>	<u>\$166,531,999</u>	<u>\$15,138,246</u>	<u>\$1,899,358</u>	<u>\$168,331,593</u>	<u>\$334,863,592</u>
Research/Public Service Agencies								
Agricultural Experiment Station	\$12,455,424	(\$283,480)		\$12,171,944	(\$247,372)		\$12,208,052	\$24,379,996
Extension Service	5,338,715	(138,784)		5,199,931	(132,179)		5,206,536	10,406,467
Forest & Conservation Experiment Station	1,011,216	(34,078)		977,138	(34,886)		976,330	1,953,468
Bureau of Mines	4,198,071	157,961		4,356,032	155,364		4,353,435	8,709,467
Fire Services Training School	737,849	(64,294)		673,555	(63,089)		674,760	1,348,315
New Proposals								
920-Increase Funding for Ag Exper Station (Ongoing)			400,000	400,000		400,000	400,000	800,000
921-Increase Funding for Extension (Ongoing)			200,000	200,000		200,000	200,000	400,000
925-Eliminate Vacancy Savings for Ag Exper Station			369,984	369,984		369,632	369,632	739,616
930-Bureau of Mines Coal & Mine Data Records (RST/OTO)			300,000	300,000		300,000	300,000	600,000
951-Local Government Center (OTO)			<u>100,000</u>	<u>100,000</u>		<u>100,000</u>	<u>100,000</u>	<u>200,000</u>
Subtotal Agencies & Programs	<u>\$23,741,275</u>	<u>(\$362,675)</u>	<u>\$1,369,984</u>	<u>\$24,748,584</u>	<u>(\$322,162)</u>	<u>\$1,369,632</u>	<u>\$24,788,745</u>	<u>\$49,537,329</u>
Grand Total Costs	<u>\$175,035,264</u>	<u>\$12,981,784</u>	<u>\$3,263,535</u>	<u>\$191,280,583</u>	<u>\$14,816,084</u>	<u>\$3,268,990</u>	<u>\$193,120,338</u>	<u>\$384,400,921</u>
Funding								
General Fund	\$155,310,140	\$12,368,302	\$2,963,535	\$170,641,977	\$13,695,845	\$2,968,990	\$171,974,975	\$342,616,952
State Special Revenue	<u>19,725,124</u>	<u>613,482</u>	<u>300,000</u>	<u>20,638,606</u>	<u>1,120,239</u>	<u>300,000</u>	<u>21,145,363</u>	<u>41,783,969</u>
Grand Total Funding	<u>\$175,035,264</u>	<u>\$12,981,784</u>	<u>\$3,263,535</u>	<u>\$191,280,583</u>	<u>\$14,816,084</u>	<u>\$3,268,990</u>	<u>\$193,120,338</u>	<u>\$384,400,921</u>

Source: SABHRS data for base year actuals, MBARS for budgeted amounts.

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	General Fund				Total Funds			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	155,310,140	155,310,140	310,620,280	90.66%	175,035,264	175,035,264	350,070,528	91.07%
Statewide PL Adjustments	(524,488)	(1,091,514)	(1,616,002)	(0.47%)	0	0	0	0.00%
Other PL Adjustments	12,892,790	14,787,359	27,680,149	8.08%	12,981,784	14,816,084	27,797,868	7.23%
New Proposals	2,963,535	2,968,990	5,932,525	1.73%	3,263,535	3,268,990	6,532,525	1.70%
Total Budget	\$170,641,977	\$171,974,975	\$342,616,952		\$191,280,583	\$193,120,338	\$384,400,921	

Other Legislation

SJ 13 - This joint resolution requests the Montana University System to work in conjunction with the Governor to study and adopt goals and performance measures directed at increasing college completion rates. The resolution further requests that the Montana University System set specific goals by July 1, 2014 to increase college completion rates and develop a state action plan for increasing completion rates. A report to the 64th Legislature, the Governor, and the Board of Regents is also required in the resolution.

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	Fiscal 2014					Fiscal 2015			
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Total Funds
Total Statewide Present Law Adjustments		(\$524,488)	\$524,488		\$0		(\$1,091,514)	\$1,091,514	\$0
DP 901 - State Support of Educational Units	0.00	13,185,885	0	0	13,185,885	0.00	15,040,332	0	15,040,332
DP 904 - Statewide Present Law Adjustments Agencies	0.00	(366,218)	0	0	(366,218)	0.00	(326,337)	0	(326,337)
DP 930 - Fixed Cost Rate Adjustments	0.00	73,123	0	0	73,123	0.00	73,364	0	73,364
DP 959 - Adjustment to Correct Reporting	0.00	524,488	(524,488)	0	0	0.00	1,091,514	(1,091,514)	0
DP 960 - General Fund Replacement with Six Mill Levy Funds	0.00	(524,488)	524,488	0	0	0.00	(1,091,514)	1,091,514	0
DP 9071 - Motorcycle Safety Equip Replacement and PL Adjustm	0.00	0	88,994	0	88,994	0.00	0	28,725	28,725
Total Other Present Law Adjustments	0.00	\$12,892,790	\$88,994	\$0	\$12,981,784	0.00	\$14,787,359	\$28,725	\$14,816,084
Grand Total All Present Law Adjustments	0.00	\$12,368,302	\$613,482	\$0	\$12,981,784	0.00	\$13,695,845	\$1,120,239	\$14,816,084

DP 901 - State Support of Educational Units - The legislature approved funding for the Tuition CAP Agreement (CAP) totaling \$13.2 million in FY 2014 and \$15.0 million in FY 2015 to fund present law adjustments. Items funded with this present law adjustment include faculty, classified and contract employee market/merit/inversion pay, mandatory fee waivers, utilities and library inflation, overtime, statewide present law adjustments, and other base budget operating adjustments. The legislature determined the state portion of the present law adjustments should reflect the portion of resident and Western Undergraduate Exchange (WUE) students in the Montana University System, or 82% of the total.

DP 904 - Statewide Present Law Adjustments Agencies - Included in this adjustment are personal services adjustments, vacancy savings, inflation/deflation, fixed costs, and administrative assessments as they relate to the agencies of the Montana University System (MUS).

DP 930 - Fixed Cost Rate Adjustments - This adjustment reflects the fixed cost rates for risk management and state accounting services (SABHRS) as approved by the General Government joint appropriations subcommittee.

DP 959 - Adjustment to Correct Reporting - This is a technical adjustment that corrects the reporting of the fund switch between general fund and the six-mill levy.

DP 960 - General Fund Replacement with Six Mill Levy Funds - The legislature adopted the executive's six mill levy revenue estimate for the 2015 biennium. This action replaced general fund with a like amount of six mill levy revenue.

DP 9071 - Motorcycle Safety Equip Replacement and PL Adjustm - The legislature increased state special revenue authority for equipment replacement including a 10 year old pickup that is used to haul the motorcycles to offered trainings around the state and replacement of older motorcycles. The legislature also increased state special revenue authority for present law adjustments for the motorcycle safety program.

New Proposals

New Proposals										
-----Fiscal 2014-----						-----Fiscal 2015-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 902 - Energy & Natural Resources Doctoral Pgm BIEN / OTO										
09	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000
DP 903 - Workforce Development and Two Year Education (OTO)										
09	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 905 - Veterinary Medicine BIEN / OTO										
09	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 909 - WWAMI Expansion										
09	0.00	193,551	0	0	193,551	0.00	199,358	0	0	199,358
DP 920 - Increase Funding for Ag Experiment Station										
09	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
DP 921 - Increase Funding for Extension Service										
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 925 - Eliminate Vac Savings at AES										
09	0.00	369,984	0	0	369,984	0.00	369,632	0	0	369,632
DP 930 - Bureau of Mines Coal & Mine Data Records (RST/OTO)										
09	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
DP 935 - Bio-Energy Research Center at MSU-N (Biennial/OTO)										
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 950 - Family Practice Residency										
09	0.00	200,000	0	0	200,000	0.00	200,000	0	0	200,000
DP 951 - Local Government Center (OTO)										
09	0.00	100,000	0	0	100,000	0.00	100,000	0	0	100,000
Total	0.00	\$2,963,535	\$300,000	\$0	\$3,263,535	0.00	\$2,968,990	\$300,000	\$0	\$3,268,990

DP 902 - Energy & Natural Resources Doctoral Pgm BIEN / OTO - The legislature included \$600,000 of biennial one-time-only general fund to implement the energy and natural resources doctoral program at Montana Tech of the University of Montana.

DP 903 - Workforce Development and Two Year Education (OTO) - The legislature approved \$1.0 million one-time-only general fund in the 2015 biennium to invest in two-year education across Montana. These funds are intended to be used to expand dual enrollment opportunities, increase access and affordability to Montana's two year schools, and ensure ease of transferability from two year to four year degree seekers.

DP 905 - Veterinary Medicine BIEN / OTO - The legislature added \$1 million biennial one-time-only general fund to expand the veterinary medicine program at Montana State University.

DP 909 - WWAMI Expansion - The legislature increased general fund for operating costs at Montana State University (MSU) to expand the Washington-Wyoming-Alaska-Montana-Idaho (WWAMI) program by 10 slots.

DP 920 - Increase Funding for Ag Experiment Station - The legislature added funding to the Agriculture Experiment Station in the 2015 biennium to support investment in research positions, including:

- Horticulture Specialty Crops
- Pulse Crops
- Animal Nutrition
- Wildlife Management

DP 921 - Increase Funding for Extension Service - The legislature added funding to the Extension Service in the 2015 biennium to support investment in extension specialist positions, including:

- Extension Farm Management Specialist
- Beef Management Specialist

DP 925 - Eliminate Vac Savings at AES - The legislature eliminated vacancy savings at the Agriculture Experiment Station for the 2015 biennium. This action added \$739,616 general fund in the 2015 biennium.

DP 930 - Bureau of Mines Coal & Mine Data Records (RST/OTO) - The legislature added restricted, one-time-only funding from the coal bed methane protection state special revenue account to the Montana Bureau of Mines for 3.0 FTE and related expenses to assist with making data records of mines and coal available online to the public.

DP 935 - Bio-Energy Research Center at MSU-N (Biennial/OTO) - The legislature increased one-time-only general fund to support the Bio-Energy Research Center at Montana State University-Northern.

DP 950 - Family Practice Residency - The legislature added general fund to expand medical residency programs in Montana from one to three. With this addition, the total number of medical residency slots will increase from 8 to 24. This appropriation is added to the base and will increase the total base funding in HB 2 for medical residency programs from \$319,366 to \$519,366 annually.

DP 951 - Local Government Center (OTO) - The legislature added one-time-only general fund in the 2015 biennium for support of the Local Government Center at Montana State University - Bozeman.

Language and Statutory Authority

The legislature included the following language in HB 2.

1. *Language containing estimated public funds that will be received by MUS educational units and agencies and deposited to the current unrestricted fund. These revenues are in addition to the state funds contained in line items in HB 2.*

"Revenue anticipated to be received by the Montana university system units and colleges includes interest earnings and other revenues of \$956,891 for each year of the 2015 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE—Appropriation Distribution Transfers.

Anticipated interest earnings and other revenue of \$8,500 each year of the 2015 biennium is appropriated to the agricultural experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated interest earnings of \$1,500 each year of the 2015 biennium is appropriated to the extension service for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated interest revenue of \$800 in each year of the 2015 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE --

Appropriation Distribution Transfers.

Anticipated sales revenue of \$40,000 each year in the 2015 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers.

Anticipated interest revenue of \$200 each year of the 2015 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in OCHE -- Appropriation Distribution Transfers."

2. *Legislative Audit Costs*

"Total audit costs are estimated to be \$530,974 for the university system educational units and public service/research agencies, other than the office of the commissioner of higher education. Audit costs charged to the educational units and public service/research agencies for the 2015 biennium may not exceed \$265,487 for the University of Montana and \$265,487 for Montana State University."

3. *Language that requires the MUS units to transfer funds for bond payments relating to the state energy conservation program*

"OCHE -- Appropriation Distribution Transfers includes \$1,442,114 in FY 2014 and \$1,384,114 in FY 2015 that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements or repay loans received for energy improvements through the state energy conservation program. The costs of this transfer in each year of the 2015 biennium are as follows: University of Montana-Missoula, \$468,859 each year; University of Montana- Western, \$147,867 each year; University of Montana-Montana Tech, \$32,099 each year; Helena College, \$64,104 each year; Montana State University-Bozeman \$383,410 in FY 2014 and \$325,410 in FY 2015; Montana State University- Billings \$170,542 each year; Montana State University-Northern, \$85,336 each year; and Great Falls College, \$86,500 each year of the biennium."

4. *Language that requires the MUS to transfer funds to the Montana state library for the natural resource information system:*

"The Montana university system shall pay \$88,506 for the 2015 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Grants	842,085	842,085	1,026,527	1,026,527	1,684,170	2,053,054	368,884	21.90%
Total Costs	\$842,085	\$842,085	\$1,026,527	\$1,026,527	\$1,684,170	\$2,053,054	\$368,884	21.90%
General Fund	842,085	842,085	1,026,527	1,026,527	1,684,170	2,053,054	368,884	21.90%
Total Funds	\$842,085	\$842,085	\$1,026,527	\$1,026,527	\$1,684,170	\$2,053,054	\$368,884	21.90%

Program Description

The Tribal College Assistance program provides funding to tribal colleges to support a portion of the costs of educating non-beneficiary Montana students (non-tribal members) attending the seven tribal community colleges on the reservations in Montana. Section 20-25-428, MCA requires the Board of Regents to provide assistance to tribal colleges "subject to a line item appropriation" by the legislature, up to a maximum of \$3,024 per year for each non-beneficiary student FTE. The statute does not establish a minimum appropriation level.

Program Highlights

Tribal College Assistance Major Budget Highlights	
♦	The legislature approved a 22% biennial one-time-only budget increase in this program
♦	Non-beneficiary enrollment reported by the tribal colleges increased 24% from FY 2010 to FY 2012 and is projected to remain at the elevated level through the 2015 biennium
♦	Funding for this program is entirely from general fund

Funding

The following table shows program funding by source of authority for the 2015 biennium as adopted by the legislature.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Tribal College Assistance Pgm							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$2,053,054	\$0	\$0	\$2,053,054	100.0%		
Total All Funds	\$2,053,054	\$0	\$0	\$2,053,054	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Funding is entirely from the state general fund. The table below illustrates a recent history of actual program expenditures, the legislative appropriation for the 2015 biennium, and the changes in average state funds per non-beneficiary student over the same time horizon.

State Assistance for Montana Tribal Community Colleges FY 2006 through FY 2015					
Fiscal Year	Number of Nonbeneficiary Montana Students Reported*	State Funds Distributed for Nonbeneficiary Students			Average State Funds per Nonbeneficiary Student
		One-Time	On-Going	Total	
FY 2006 Actual	298.11	\$80,183	\$400,000	\$480,183	\$1,611
FY 2007 Actual	307.87	419,817	0	419,817	1,364
FY 2008 Actual	301.39	461,401	450,002	911,403	3,024
FY 2009 Actual	312.02	493,548	450,000	943,548	3,024
FY 2010 Actual	273.13	384,944	441,002	825,946	3,024
FY 2011 Actual	278.56	515,056	327,309	842,365	3,024
FY 2012 Actual	339.46	0	842,085	842,085	2,481
FY 2013 Estimated	339.46	0	842,085	842,085	2,481
FY 2014 HB 2	339.46	184,442	842,085	1,026,527	3,024
FY 2015 HB 2	339.46	184,442	842,085	1,026,527	3,024

*FY 2013-2015 Number of Nonbeneficiary Montana Students are estimated
 **Per Section 20-25-428, MCA there is a maximum distribution of \$3,024 per nonbeneficiary student per year

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	842,085	842,085	1,684,170	82.03%	842,085	842,085	1,684,170	82.03%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
New Proposals	184,442	184,442	368,884	17.97%	184,442	184,442	368,884	17.97%
Total Budget	\$1,026,527	\$1,026,527	\$2,053,054		\$1,026,527	\$1,026,527	\$2,053,054	

New Proposals

New Proposals										
Program	FTE	-----Fiscal 2014-----				FTE	-----Fiscal 2015-----			
		General Fund	State Special	Federal Special	Total Funds		General Fund	State Special	Federal Special	Total Funds
DP 1101 - Increase Tribal College Assistance (OTO)										
11	0.00	184,442	0	0	184,442	0.00	184,442	0	0	184,442
Total	0.00	\$184,442	\$0	\$0	\$184,442	0.00	\$184,442	\$0	\$0	\$184,442

DP 1101 - Increase Tribal College Assistance (OTO) - The legislature increased state assistance to tribal colleges to \$3,024 per full-time equivalent (FTE) non-beneficiary student (statutory maximum) each year of the 2015 biennium. This increase is conditioned as one-time-only. The ongoing base budget for tribal college assistance would fund each FTE non-beneficiary student \$2,481, assuming the same FTE enrollment level as in the base year FY 2012.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
FTE	45.00	45.00	45.00	45.00	45.00	45.00	0.00	0.00%
Personal Services	1,813,441	2,683,262	2,191,792	2,189,913	4,496,703	4,381,705	(114,998)	(2.56%)
Operating Expenses	2,398,865	4,490,060	3,003,053	2,989,211	6,888,925	5,992,264	(896,661)	(13.02%)
Benefits & Claims	30,617,909	40,508,723	40,617,909	40,617,909	71,126,632	81,235,818	10,109,186	14.21%
Transfers	0	143,356	0	0	143,356	0	(143,356)	(100.00%)
Debt Service	43,480	43,480	43,480	43,480	86,960	86,960	0	0.00%
Total Costs	\$34,873,695	\$47,868,881	\$45,856,234	\$45,840,513	\$82,742,576	\$91,696,747	\$8,954,171	10.82%
Federal Special	34,873,695	47,868,881	45,856,234	45,840,513	82,742,576	91,696,747	8,954,171	10.82%
Total Funds	\$34,873,695	\$47,868,881	\$45,856,234	\$45,840,513	\$82,742,576	\$91,696,747	\$8,954,171	10.82%

Program Description

The Montana Guaranteed Student Loan Program (MGSLP) operates under federal regulation with federal funds to guarantee student loans that are made by private lenders to higher education students in Montana. MGSLP purchases and services student loans that are in default with the private lender, works with students to prevent default, collects the outstanding balance of the defaulted loan for repayment to the U.S. Department of Education, and provides training and technical assistance to schools and lenders.

Effective July 1, 2010 all new student loans are issued and serviced through the U.S. Department of Education's William D. Ford Direct Loan Program. The Student Aid and Financial Reform Act (SAFRA) passed by Congress terminated the Federal Family Education Loan Program (FFELP). MGSLP will continue its guarantee functions for FFELP student loans issued prior to July 1, 2010.

MGSLP also administers several state and federal grant and scholarship programs and the Montana Family Education Savings Program. Expenditures for the student aid administration services performed by MGSLP are recorded in the Student Assistance Program.

Program Highlights

Guaranteed Student Loan Program	
Major Budget Highlights	
•	The legislature increased the 2015 biennial budget in anticipation of an increase in the volume of defaulted student loans and associated collection costs

Funding

This program is funded from federal funds from the U.S. Department of Education relating to the operation of the program.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Guaranteed Student Loan Pgm							
Funds	HB 2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
Federal Special Total	\$91,696,747	\$0	\$0	\$91,696,747	100.0%		
03400 Guaranteed Std. Loan-admin.	\$18,627,375	\$0	\$0	\$18,627,375	20.3%		
03401 U.s. Dept Ed / Gsl Recall Acct	\$73,041,174	\$0	\$0	\$73,041,174	79.7%		
03410 Gear Up Essay Scholarship	\$28,198	\$0	\$0	\$28,198	0.0%		
Total All Funds	\$91,696,747	\$0	\$0	\$91,696,747	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	0	0	0	0.00%	34,873,695	34,873,695	69,747,390	76.06%
Statewide PL Adjustments	0	0	0	0.00%	382,539	366,818	749,357	0.82%
Other PL Adjustments	0	0	0	0.00%	10,600,000	10,600,000	21,200,000	23.12%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$0	\$0	\$0		\$45,856,234	\$45,840,513	\$91,696,747	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments									
	-----Fiscal 2014-----				-----Fiscal 2015-----				Total Funds
	FTE	General Fund	State Special	Federal Special	FTE	General Fund	State Special	Federal Special	
Personal Services									469,674
Vacancy Savings									(91,323)
Inflation/Deflation									2,090
Fixed Costs									2,098
Total Statewide Present Law Adjustments		\$0	\$0	\$382,539		\$0	\$0	\$366,818	\$366,818
DP 50 - Initial Motion to FY 2012 Base	0.00	0	0	(382,539)	0.00	0	0	(366,818)	(366,818)
DP 51 - Adjustment for Statewide Personal Services	0.00	0	0	378,351	0.00	0	0	376,472	376,472
DP 52 - Adjustment for Statewide Operations	0.00	0	0	4,188	0.00	0	0	(9,654)	(9,654)
DP 1201 - Present law increases for GSL	0.00	0	0	10,600,000	0.00	0	0	10,600,000	10,600,000
Total Other Present Law Adjustments	0.00	\$0	\$0	\$10,600,000	0.00	\$0	\$0	\$10,600,000	\$10,600,000
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$10,982,539	0.00	\$0	\$0	\$10,966,818	\$10,966,818

DP 50 - Initial Motion to FY 2012 Base - The legislature adopted a motion to establish the starting point for budget deliberations as the FY 2012 base. This adjustment removes statewide present law adjustments for personal services, vacancy savings, fixed costs, and inflation/deflation.

DP 51 - Adjustment for Statewide Personal Services - This adjustment funds statewide personal services and vacancy savings.

DP 52 - Adjustment for Statewide Operations - This adjustment establishes the fixed cost and inflation/deflation rates as approved by the General Government subcommittee.

DP 1201 - Present law increases for GSL - The legislature increased the budget authority in this program in anticipation of an increase in defaulted loans due to economic conditions and associated collection expenses.

Program Budget Comparison

The following table summarizes the total legislative budget for the program by year, type of expenditure, and source of funding.

Program Budget Comparison								
Budget Item	Base Fiscal 2012	Approp. Fiscal 2013	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 12-13	Biennium Fiscal 14-15	Biennium Change	Biennium % Change
Personal Services	3,650	6,350	6,300	6,300	10,000	12,600	2,600	26.00%
Operating Expenses	61,879	39,595	62,787	62,869	101,474	125,656	24,182	23.83%
Total Costs	\$65,529	\$45,945	\$69,087	\$69,169	\$111,474	\$138,256	\$26,782	24.03%
General Fund	65,529	45,945	69,087	69,169	111,474	138,256	26,782	24.03%
Total Funds	\$65,529	\$45,945	\$69,087	\$69,169	\$111,474	\$138,256	\$26,782	24.03%

Program Description

The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

Program Highlights

Board of Regents Program Major Budget Highlights	
•	The legislature provided funding for increased operating expenditures in the 2015 biennium for board per diem and mileage reimbursement

Funding

This program is funded entirely by the state general fund.

Total Commissioner Of Higher Education Funding by Source of Authority 2015 Biennium Budget - Board Of Regents-Admin							
Funds	HB 2	Non- Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	MCA Reference	Statutory Category
General Fund	\$138,256	\$0	\$0	\$138,256	100.0%		
Total All Funds	\$138,256	\$0	\$0	\$138,256	100.0%		
Percent - Total All Sources	100.0%	0.0%	0.0%				

Budget Summary by Category

The following summarizes the total budget by base, present law adjustments, and new proposals.

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget	Budget Fiscal 2014	Budget Fiscal 2015	Biennium Fiscal 14-15	Percent of Budget
Base Budget	65,529	65,529	131,058	94.79%	65,529	65,529	131,058	94.79%
Statewide PL Adjustments	0	0	0	0.00%	0	0	0	0.00%
Other PL Adjustments	3,558	3,640	7,198	5.21%	3,558	3,640	7,198	5.21%
New Proposals	0	0	0	0.00%	0	0	0	0.00%
Total Budget	\$69,087	\$69,169	\$138,256		\$69,087	\$69,169	\$138,256	

Present Law Adjustments

The "Present Law Adjustments" table shows the changes to the base budget adopted by the legislature.

Present Law Adjustments										
	-----Fiscal 2014-----					-----Fiscal 2015-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Total Statewide Present Law Adjustments										
		\$0			\$0		\$0			\$0
DP 1301 - Board of Regents Per Diem & Mileage										
0.00	3,558	0	0	3,558	0.00	3,640	0	0	3,640	
Total Other Present Law Adjustments										
0.00	\$3,558	\$0	\$0	\$3,558	0.00	\$3,640	\$0	\$0	\$3,640	
Grand Total All Present Law Adjustments										
0.00	\$3,558	\$0	\$0	\$3,558	0.00	\$3,640	\$0	\$0	\$3,640	

DP 1301 - Board of Regents Per Diem & Mileage - The legislature restored per diem expense at the original budgeted amount for the Board of Regent members and increase the budget for mileage reimbursement.

LONG-RANGE PLANNING

Section F

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Programs-----

Long-Range Building Program	Renewable Resources Grant & Loan Program
State Building Energy Conservation	Reclamation & Development Grant Program
Long-Range Information Technology Program	Cultural and Aesthetic Grant Program
Treasure State Endowment Program	Quality School Facilities Program
Treasure State Endowment Regional Water System Program	

-----Committee Members-----

House

Representative Rob Cook (Chair)
Representative Carl Glimm
Representative Bill McChesney

Senate

Senator Dave Lewis
Senator Rick Ripley
Senator Jon Sesso

-----Fiscal Division Staff-----

Catherine Duncan

LONG-RANGE PLANNING PROGRAMS OVERVIEW

Long-Range Planning Description

Long-Range Planning (LRP) programs are devoted to the creation and upkeep of major state and local infrastructure (not including state roads and highway construction and maintenance programs). Most of the projects that come through LRP programs require more than one biennium to complete and bear significant costs. The LRP budget analysis typically focuses on nine programs including:

- Long-Range Building Program (LRBP) – acquisition, construction, and major maintenance of state owned lands and buildings, administered by Department of Administration
- State Building Energy Conservation Program (SBECP) – energy efficiency improvements to state owned buildings, administered by Department of Environmental Quality
- Long-Range Information Technology Program (LRITP) – major information technology build and upgrade, administered by Department of Administration
- Treasure State Endowment Program (TSEP) – water infrastructure grants to local governments, administered by the Department of Commerce
- Treasure State Endowment Regional Water Program (TSEPRW) – matching funds for major regional water projects, administered by the Department of Natural Resources and Conservation
- Renewable Resource Grant and Loan Program (RRGL) – water conservation grants and loans to local governments, administered by the Department of Natural Resources and Conservation
- Reclamation and Development Grant Program (RDGP) – grants for the reclamation of lands degraded by severance activities, administered by the Department of Natural Resources and Conservation
- Cultural and Aesthetic Grant Program (C&A) – arts, cultural, and historical grants, administered by the Montana Arts Council
- Quality School Facility Grants Program (Quality Schools) – grants for major maintenance of K-12 school facilities, administered by the Department of Commerce

Long-Range Planning projects are administered by various state agencies, but the provision of services is similar in each of the programs:

- Project requests are received by the program either from state agencies, local governments, or private entities
- Project requests are reviewed by the particular agency, board, or council
- Projects are ranked or prioritized based on program specifications
- The Governor reviews the prioritized lists, determines the level of funding available, and presents a list of recommendations to the legislature in the form of a separate funding bill
- The legislature appropriates funds and authorize the various projects
- Money is distributed by the agencies to private contractors, generally through a competitive bid process

In most cases, program funds also cover the administrative costs of the program and are appropriated in the general appropriations act, HB 2.

Over time, the importance of local government infrastructure assistance has grown as a component of the LRP budgets. By design, the available funding for water, wastewater, sewer, and bridge projects has increased. In the 2015 biennium, the legislature increased the state funding for local government infrastructure projects by \$53.7 million over the normal program funding sources.

Summary of Legislative Action

The figure on the following page shows the appropriations made by the Sixty-third Legislature for each of the LRP programs. The budgets are shown by program and bill number, and source of funding. General fund, \$103.2 million as shown in the figure, takes the form of transfers to the various LRP program funds. When looking at the figure below, the column titled authorizations indicates the approval of the legislature for non-state

funds to be used for the construction of state buildings. This authority is statutorily required in 18-2-102, MCA which states, "...a building costing more than \$150,000 may not be constructed without the consent of the legislature." The amounts shown in the authorization column are generally university funds and private donations.

Long-Range Planning Appropriations (and authorizations) By Fund - 2015 Biennium								
Program/ Bill	Capital Project	General Fund ¹	State Special	Federal Special	Proprietary	Bonds/ Loans	Authorizations ²	Total
LRBP (HB 5 and HB 14)	\$11,076,000	\$49,550,000	\$29,360,000	\$26,130,000	\$600,000	\$0	\$58,850,000	\$175,566,000
SBECP (HB 5)			3,500,000					3,500,000
LRITP (HB 10)	5,975,000	11,451,785	3,060,000	40,000	350,000			20,876,785
TSEP (HB 11)		13,300,000	21,683,538					34,983,538
TSEPRW (HB 11)		8,400,000	8,600,000					17,000,000
RRGL (HB 6 and 8)		20,473,686	8,979,632			24,711,793		54,165,111
RDGP (HB 7)			6,243,645					6,243,645
C&A (HB 9)			788,650					788,650
Quality Schools (HB 15)			<u>12,418,642</u>					<u>12,418,642</u>
Grand Total	\$17,051,000	\$103,175,471	\$94,634,107	\$26,170,000	\$950,000	\$24,711,793	\$58,850,000	\$325,542,371

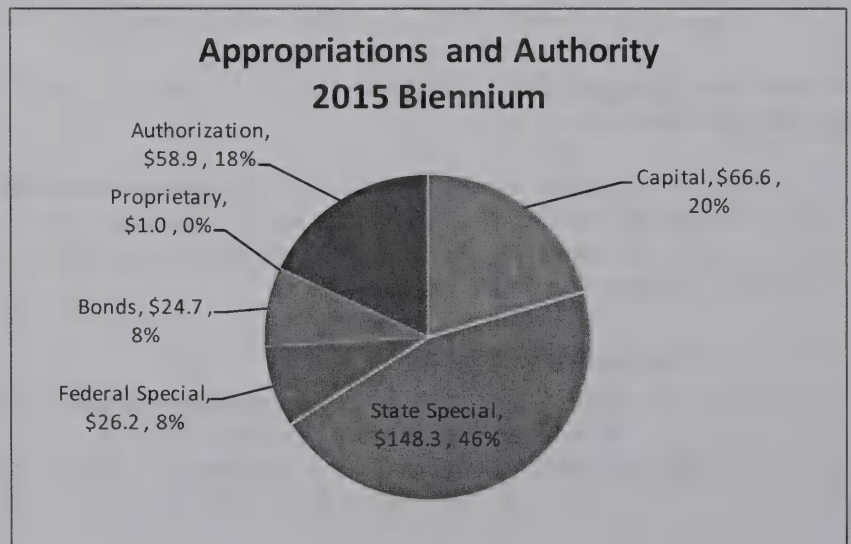
¹ General Funds are transfers to various programs
² Authorizations are legislative consent to construct projects using non-state funds

Total legislative appropriations and authorizations for the LRP budgets are \$325.5 million. This is 128.7% greater than the LRP budgets in the 2013 biennium and 9.0% less than the executive budget proposal for the 2015 biennium. In the 2015 biennium, state funding for LRP projects is \$266.7 million, when corrected for the authorizations. The largest source of state funding is general fund at \$103.2 million, again taking the form of transfers to the various program funds. In the upcoming biennium, the highest amount of appropriations was provided for the LRBP, \$175.6 million (\$116.7 million of state and federal funds).

Funding

In large part, LRP programs are financed with statutorily dedicated allocations of funds. Generally the program/project budget is strictly based on the amount of revenue estimated to be available for the program, but in the 2015 biennium, 103.2 million or 32% of total program funding is made with transfers from the general fund. Other revenues come from a variety of sources including tax allocations and in several cases interest earnings from dedicated trusts. The only exception from earmarked program revenue is seen in the LRITP which has no designated source of funding (projects are funded either through agency revenues or general fund, transferred into the LRITP capital projects fund).

The figure to the right shows the funding of the LRP budget as reflected in the appropriations and authorizations provided by the legislature. While the LRP program funding contained significant amounts of general fund through transfers, there are no general fund appropriations in the budgets. The budgets make use of all the usual fund types (state special revenue, federal special revenue, and proprietary) and include appropriations



from capital project funds (funds which account for financial resources to be used for the acquisition or construction of major capital facilities), 20% of the LRP budgets, and bond issue proceeds, 8%. Over 46% of the appropriations are funded with state special revenue. Federal special appropriations account for 8% of the budget. Authorizations, 18% of total funding, not technically appropriations.

Executive Budget Comparison

The Sixty-third Legislature reduced the executive LRP budget recommendations by 9.0%. The reductions were principally the result of the legislative initiative to fund new state building construction projects with cash instead of general obligation bond proceeds. In making this decision, the legislature eliminated some of the projects recommended in the executive budget including new low-side units at the Montana State prison (\$26.0 million) and the new building to house the Montana Heritage Center museum (\$28.5 million). As an offset to the reductions, the legislature increased several local government infrastructure assistance programs. For further detail on the legislative changes to the executive proposed budget, refer to the executive budget comparisons included in the program sections of this report.

Long-Range Planning Budget Comparison (millions)				
Budget Item	Executive Recommendation ¹	Legislative Budget	Biennium	Biennium
	FY 14-15	FY 14-15	Change	% Change
	<u>Proposed</u>	<u>Appropriated</u>		
Long-Range Building Program (HB 5 and HB 14)	\$270,716,000	\$175,566,000	(\$95,150,000)	-35.1%
State Building Energy Conservation Program (HB 5)	3,500,000	3,500,000	0	0.0%
Long-Range Information Technology Program (HB 10)	20,232,785	20,876,785	644,000	3.2%
Treasure State Endowment Program (HB 11)	19,342,366	34,983,538	15,641,172	80.9%
Treasure State Regional Water Program (HB 11)	8,900,000	17,000,000	8,100,000	91.0%
Renewable Resource Grant and Loan Program (HB 6 and 8)	16,159,039	54,165,111	38,006,072	235.2%
Reclamation and Development Grant Program (HB 7)	6,243,645	6,243,645	0	0.0%
Cultural and Aesthetic Grant Program (HB 9)	563,976	788,650	224,674	39.8%
Quality Schools Grant Program (HB 15)	12,268,791	12,418,642	149,851	1.2%
Total Costs	\$357,926,602	\$325,542,370	(\$32,384,231)	-9.0%
Capital Projects Fund	\$13,926,000	\$17,051,000	\$3,125,000	22.4%
General Fund ²	33,082,785	103,175,471	70,092,686	-
State Special	91,862,761	94,634,107	2,771,346	3.0%
Federal Special	26,170,000	26,170,000	0	0.0%
Bonds and Loans	105,535,056	24,711,793	(80,823,263)	-76.6%
Proprietary Fund	950,000	950,000	0	0.0%
Authorizations ³	86,400,000	58,850,000	(27,550,000)	-31.9%
Total Funds	\$357,926,602	\$325,542,371	(\$32,384,231)	-9.0%
¹ Revised for 1/7/2013 Governor's changes and includes HB 14 which was not approved by the legislature				
² General Funds are transfers to various programs				
³ Authorizations are legislative consent to construct projects using non-state funds				

Other Legislation

HB 218

The Sixty-third legislature passed HB 218, which provides grants to local governments that have been required to maintain and expand local government infrastructure as a consequence of oil and gas development. The legislation creates a short-term infrastructure program, similar to Treasure State Endowment Program (TSEP) and administered by the Department of Commerce. The legislation establishes a new state special fund, the "oil and gas impact account", funded with a \$15.0 million one-time-only transfer (and subsequent appropriation) of general fund in FY 2013 and annually 25% of the revenues collected through the federal mineral leasing funds or

\$10 million, whichever is greater, between FY 2014 and FY 2020. Consequently, there is expected to be \$35 million directed to oil and gas impacted areas by the end of the 2015 biennium. The funds are statutorily appropriated in the 2015 biennium, but in future years are expected to be appropriated by the legislature.

The legislation defines oil impact projects eligible for grants and builds on the normal TSEP type infrastructure projects (water, wastewater, bridges) by providing grants for local government roads, buildings, and services. Grants for the purposes of fire protection, law enforcement, and emergency services are limited to no more than 10% of the total funds. Additionally, up to \$50,000 may be used for grants for public health and welfare services.

The program is developed to provide preference to projects with the attributes such as financial need, project readiness, compliance with program start up conditions, long-range plans for system maintenance, future adequacy for system use, and community participation and approval. The available funds will be first-come-first-serve and the grants will be paid out on a reimbursement basis. Finally, the legislation provides that the "Grants made under this program are subject to the review of the legislative finance committee."

Note: The Governor vetoed HB 218, and at the time of this writing the legislature is being polled. If the veto is upheld, the oil and gas development infrastructure grant program will not exist.

LONG-RANGE BUILDING PROGRAM

Program Description

In 1963, the legislature enacted the Long-Range Building Program (LRBP) to provide funding for construction, alteration, repair, and maintenance of state-owned buildings and grounds. The program was developed in order to present a single, comprehensive, and prioritized plan for allocating state resources for the purpose of capital construction and repair of state-owned facilities. Historically, the LRBP has been funded with a combination of cash accounts and bonding. The various types of cash accounts include state and federal special revenue funds, other funds (such as university and private funds), and the capital projects fund (long-range building fund). The LRBP is administered by the Department of Administration, Architecture and Engineering Division (A&E).

Summary of Legislative Action

The Sixty-third Legislature authorized a LRBP consisting of 47 projects with a total project cost of \$179.1 million in HB 5 (including \$3.5 million in State Building Energy Conservation Program appropriations). The level of HB 5 appropriations was increased when the legislature chose to appropriate 11 building projects from cash rather than bond proceeds, as initially recommended by the Governor. To fund the added appropriations the legislature provided a \$49.6 million transfer from the general fund to the LRBP capital projects fund.

The following figure shows, by agency and fund type, the projects approved by the legislature. Detailed project descriptions follow the figure.

Long-Range Building Program Appropriations - HB 5 - 2015 Biennium						
Agency / Project	LRBP Capital Project	State Special	Fed Special	Proprietary	Authorization	Total
Department of Administration						
Repair Corrections Department Parking Structure, Helena	\$450,000					\$450,000
Install Safety Handrails in Capitol	200,000	200,000				400,000
Repair and Upgrade Capitol HVAC Systems		1,400,000				1,400,000
Upgrade Scott Hart HVAC System, Ph 2		1,500,000				1,500,000
Department of Corrections						
Repair and Upgrade Build. Systems, Pine Hills Youth Facility	511,000	500,000				1,011,000
Renovate Laundry Facilities, MT State Prison, Deer Lodge		600,000		600,000		1,200,000
Department of Environmental Quality						
Energy Improvements, Statewide		1,900,000				1,900,000
Department of Justice						
Upgrade Water Supply System - MLEA	400,000					400,000
Construct Butte Justice Center	1,600,000				1,600,000	3,200,000
Department of Military Affairs						
Vault Modifications, Statewide			780,000			780,000
Federal Spending Authority			2,500,000			2,500,000
Upgrade Sewer/Water Service AFRC, Kalispell	250,000		750,000			1,000,000
Replace Readiness Center, Malta	400,000		15,000,000			15,400,000
Improvements at the Montana Military Museum	150,000					150,000
Department of Fish, Wildlife, and Parks						
Upland Game Bird Program		746,000				746,000
Wildlife Habitat Maintenance		970,000				970,000
Parks Program		3,084,000	1,200,000			4,284,000
Parks Program - RUX Trail		100,000				100,000
Grant Programs / Federal Projects		218,000	5,000,000			5,218,000
Future Fisheries		\$790,000				\$790,000
Fishing Access Site Protection		1,050,000	800,000			1,850,000

Long-Range Building Program (continued)						
Appropriations - HB 5 - 2015 Biennium						
Agency / Project	LRBP Capital Project	State Special	Fed Special	Proprietary	Authorization	Total
Department of Fish, Wildlife, and Parks (cont.)						
Hatchery Maintenance		575,000				575,000
Dam Maintenance		50,000				50,000
Community Fishing Ponds		50,000				50,000
Admin Facilities Repair & Maintenance		1,325,000				1,325,000
Forest Management Project		32,000				32,000
Department of Fish, Wildlife, and Parks, Land Acquisition						
Habitat Montana		9,930,000				9,930,000
Fishing Access Site Acquisition		230,000	100,000			330,000
Bighorn Sheep Habitat		210,000				210,000
Department of Natural Resource and Conservation						
Major Repairs & Small Projects, Statewide	300,000					300,000
Repair Unit Residences, Statewide		100,000				100,000
Department of Public Health and Human Services						
Repair Sewage Collection System, Warm Springs	1,520,000					1,520,000
Department of Transportation						
Statewide Maintenance, Repair & Small Projects		2,100,000				2,100,000
Equipment/ Office Buildings, Statewide		5,200,000				5,200,000
Montana School for the Deaf and Blind						
Building Repairs and Improvements, Great Falls	195,000					195,000
Montana University System						
General Spending Authority, MUS - All Campuses					5,000,000	5,000,000
Science & Instruct. Tech Building Addition, MSU-Billings	10,000,000				5,000,000	15,000,000
Replace Roof and Other Renovations, MSU Great Falls COT	1,000,000					1,000,000
Automotive Technology Center, MSU-Northern	4,900,000				3,000,000	7,900,000
Construct Missoula College UM - UM-Missoula	29,000,000				3,000,000	32,000,000
Main Hall Renovation, Ph 3, U of M - Western	4,000,000				500,000	4,500,000
Natural Resource Research Center Addition, MT Tech-UM	5,000,000				5,000,000	10,000,000
Jabs Hall, MSU-Bozeman					20,000,000	20,000,000
Athlete Academic Center, UM-Missoula					2,500,000	2,500,000
Gilkey Executive Education Center, UM-Missoula					9,300,000	9,300,000
Mansfield Library Student Success, UM-Missoula					3,200,000	3,200,000
Land Acquisition, Great Falls College - MSU	750,000				750,000	1,500,000
Total Long-Range Building Program - HB 5	\$60,626,000	\$32,860,000	\$26,130,000	\$600,000	\$58,850,000	\$179,066,000

The legislature provided appropriations for ten new buildings (including four buildings across the state for MDT) and three addition projects. The largest amount of appropriations were provided to the Montana University System (MUS) in 12 projects, including four new buildings and three additions, at a cost of \$111.9 million. Additionally, the department of Fish, Wildlife, and Parks (FWP) are provided 15 appropriations that total \$26.5 million, including \$10.5 million for land acquisitions. The remainder of the LRBP budget is primarily devoted to major deferred maintenance projects in state buildings.

The legislature restricted the FWP Habitat Montana land acquisition project in HB 5. The inserted language reads:

When considering the acquisition of habitat in accordance with 87-1-241 (acquisition of wildlife habitat-rules), the department of fish, wildlife, and parks may consider only term agreements."

The addition of this language was intended to deny the purchase of land with the \$9.9 million Habitat Montana appropriation. Subsequently, the Governor line-item vetoed the restricting language (but not the related appropriation). At the time of this writing, the veto is being polled. If the veto stands, the appropriation could be used for land and easement purchases.

Project Descriptions

LRBP appropriations and authorizations amounting to \$179.1 million for capital projects are approved in HB 5 from 32 different capital project, state special revenue, federal special revenue, and higher education funds. A brief description of the LRBP projects included in HB 5 is provided below. Some of the acronyms used frequently in this section include:

- HVAC – heating, ventilation, air conditioning
- Sq/ft – square feet
- SSR – state special revenue
- FSR – federal special revenue
- Authorization - grants/donations/auxiliary funds/university funds/local government funds not requiring appropriation-provides the legislative consent to use non-state funds

Department of Administration (DOA)

- Repair Corrections Department Parking Structure, Helena - \$400,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project will repair the state-owned parking structure located at the corner of Broadway and Cruse Avenues, Helena. This project is appropriated to DOA.
- Install Safety Handrails in Capitol- \$200,000 LRBP Capital Project Funds (05007), \$200,000 General Services SSR (02299) appropriated to DOA. This project will install historically appropriate safety handrails on the grand staircase of the Capitol building. Should donations be received for this project, language in HB 5 will reduce the \$200,000 appropriation from the LRBP capital projects fund by a like amount.
- Repair and Upgrade Capitol HVAC Systems - \$900,000 General Services SSR (02299), \$500,000 Energy Conservation SSR Acct. (02955) appropriated to DOA and DEQ. This project will provide HVAC and energy efficiency upgrades at the state capitol.
- Upgrade Scott Hart HVAC System, Phase 2 - \$1,500,000 General Services SSR (02299) appropriated to DOA. This project will upgrade mechanical equipment and climate control systems and replace worn out HVAC & control systems in the Scott Hart building.

Department of Corrections (DOC)

- Repair and Upgrade Building Systems, Pine Hills Youth Correctional Facility - \$511,000 LRBP Capital Project Funds (05007), \$500,000 Energy Conservation SSR (02955) appropriated to DOA and DEQ. This project will provide fire suppression, HVAC, and energy improvements to address failed mechanical equipment and reduce energy use.
- Renovate Laundry Facilities, MT State Prison, Deer Lodge - \$600,000 Energy Conservation Repayment Acct. (02370), \$600,000 DOC Proprietary Services Funds (06572) appropriated to DOA and DEQ. This project will renovate the existing centralized laundry building at the prison.

Department of Environmental Quality (DEQ)

- Energy Improvements, Statewide - \$550,000 Energy Conservation Repayment Acct. (02370), \$1,350,000 Energy Conservation SSR (02955) appropriated to DOA and DEQ. This project will provide improvements to state facilities that reduce energy costs. For more information on the State Building Energy Conservation Program (SBECPP) projects, see the SBECPP section of this report.

Department of Justice (DOJ)

- Upgrade Water Supply System - Montana Law Enforcement Academy - \$400,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project upgrades the current water supply system to meet current code requirements and address some deferred maintenance issues.
- Construct Butte Justice Center - \$1,600,000 LRBP Capital Project Funds (05007) appropriated to the DOA and includes \$1,600,000 Authorization. This project will construct new/improved space for the Montana Highway Patrol offices and the Motor Vehicle Division of DOJ as well as space for a new emergency operations center for Butte-Silver Bow.

Department of Military Affairs (DMA)

- Vault Modifications, Statewide – \$780,000 National Guard FSR (03132) appropriated to DOA. This project will modify existing munitions vaults at ten armory locations statewide.
- Federal Spending Authority - \$2,500,000 National Guard FSR (03132) appropriated to DMA. This project provides repair and maintenance, minor construction, and facility improvements statewide.
- Upgrade Sewer/Water Service AFRC, Kalispell - \$250,000 LRBP Capital Project Funds (05007), \$750,000 DOA Federal Long-Range Building Funds (03244) appropriated to DOA. This project will upgrade the current water supply system to meet current code requirements (providing city sewer and water service to the Kalispell armed forces reserve center and field maintenance shop) and address deferred maintenance issues.
- Replace Readiness Center, Malta - \$400,000 LRBP Capital Project Funds (05007), \$15,000,000 Military Capital Construction Fund (03056) appropriated to DOA. This project will replace the Malta Readiness Center. Language included in this project provides that LRBP funds are authorized for the acquisition of land for the project. If the land is not acquired by 6/30/2015, the appropriation is void and \$400,000 is reverted to the general fund.
- Improvements at the Montana Military Museum - \$150,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project will provide funds for new display cases and other improvements at the museum.

Department of Fish, Wildlife, and Parks (FWP)

- Upland Game Bird Program - \$610,000 Upland Game Bird Habitat SSR (02113), \$136,000 Upland Game Bird Planting SSR (02687) appropriated to FWP. This project will provide landowners with funding to restore/establish habitat and also implement the mandatory pheasant release program.
- Wildlife Habitat Maintenance - \$970,000 Habitat Trust Interest State Spec. Fund (02469) appropriated to FWP. This project will maintain wildlife management areas in accordance with state requirements.
- Parks Program - \$74,000 Motor Boat Fees SSR (02273), \$1,020,000 FWP Accommodations Tax SSR (02274), \$80,000 Coal Tax Trust SSR (02408), \$310,000 State Parks Miscellaneous SSR (02411), \$100,000 Motor Boat Fuel Tax SSR (02412), \$1,500,000 Restricted Highway State Special Account (02422), \$1,200,000 Federal (W/B) and Wildlife (P/R) (030397) appropriated to FWP. This project will rehabilitate existing facilities, infrastructure, park sites, and roads at state park sites.
- Parks Program - RUX Trail - \$100,000 Non-Restricted Highway State Special Account (02349) appropriated to FWP. This project will provide a trail grant for the design and construction of the RUX lighted and paved path. Language included in this project provides that FWP will report on the progress of the project to the 2015 Long-Range Planning subcommittee and that any unused project funds will be reverted to the highway non-restricted fund upon completion of the project.
- Grant Programs / Federal Projects - \$85,500 Off Hwy Vehicle Gas Tax SSR (02213), \$132,500 Off Hwy Vehicle Acct. (Parks) SSR (02239), \$3,500,000 Parks Federal Revenue (03098), \$1,500,000 Land & Water Conservation Fund Pass-through Account (03406) appropriated to FWP. This project distributes the Off-Highway Vehicle grants, Recreational Trails Program grants, and Land & Water Conservation Fund grants.
- Future Fisheries - \$600,000 RIT Bull/Cutthroat Trout Enhancement Fund (02022), \$190,000 River Restoration Account appropriated to FWP. This project will provide fish habitat restoration projects statewide.
- Fishing Access Site Protection - \$50,000 Motorboat Fees SSR, \$1,000,000 FWP General License Acct. (02049), \$800,000 Federal (W/B) and Wildlife (P/R) (030397) appropriated to FWP. This project will install and rehabilitate basic facilities at fishing access sites (FAS).
- Hatchery Maintenance - \$575,000 FWP General License Acct. (02049) appropriated to DOA. This project will provide repairs and preventive maintenance at ten state fish hatcheries across Montana.
- Dam Maintenance - \$50,000 FWP General License Acct. (02049) appropriated to FWP. This project will repair FWP-owned dams, including the Rainy Lake fish barrier.
- Community Fishing Ponds - \$50,000 FWP General License Acct. (02049) appropriated to FWP. This project will develop community fishing ponds to promote family fishing.

- Admin Facilities Repair & Maintenance - \$1,325,000 FWP General License Acct. (02049) appropriated to DOA. This project will address ongoing maintenance and repair at administrative sites to protect them from deterioration.
- Forest Management Project - \$18,000 Fish & Wildlife Forest Mgt. SSR (02084), \$14,000 Parks Forest Mgt. SSR (02092) appropriated to FWP. This project will implement forest management practices on appropriate FWP lands.

Department of Fish, Wildlife, and Parks, Land Acquisition

- Habitat Montana - \$9,930,000 Wildlife Habitat SSR (02114) appropriated to FWP. This project will acquire wildlife habitat. The legislature added language related to this appropriation to restrict habitat acquisition to "only term agreements". However, the Governor vetoed the restrictive language. At the time of this writing, the legislature is being polled on the veto. If the veto is upheld, the agency will be able to use the funds for land acquisition, land leasing, easement purchase, or development agreements.
- Fishing Access Site Acquisition - \$230,000 Fishing Access Site Acquisition SSR (02415), \$100,000 Federal (W/B) and Wildlife (P/R) (030397) appropriated to FWP. This project will enable FWP to acquire interest in lands for angler access to public waterways.
- Bighorn Sheep Habitat - \$210,000 Mountain Sheep Account (02086) appropriated to FWP. This project will protect mountain sheep habitat through acquisition of interest in land either by easement, lease, or fee.

Department of Natural Resources and Conservation

- Major Repairs & Small Projects, Statewide - \$300,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project will provide repairs, improvements, and preventative maintenance at DNRC facilities statewide.
- Repair Unit Residences, Statewide - \$100,000 Trust Lands Administration Acct. (02938) appropriated to DOA. This will provide repairs, preventative maintenance, and improvements at DNRC unit residences statewide.

Department of Public Health and Human Services

- Repair Sewage Collection System, Warm Springs - \$1,520,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project will continue the repair and rehabilitation of sewer mains and manholes at the Montana State Hospital campus in Warm Springs.

Department of Transportation

- Statewide Maintenance, Repair & Small Projects - \$2,100,000 Restricted Highway SSR (02422) appropriated to MDT. This project provides routine/annual preventive maintenance to existing facilities; and funds small construction projects statewide.
- Equipment/Office Buildings, Statewide - \$5,200,000 Restricted Highway SSR (02422) appropriated to DOA. This project will construct new buildings at various locations throughout the state (Noxon-\$800,000; Terry-\$400,000; Shelby-\$1,000,000; Bozeman-\$3,000,000). These buildings will house road maintenance equipment and personnel.

Montana School for the Deaf and Blind

- Building Repairs and Improvements, Great Falls - \$195,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project will replace the deteriorated windows in the Yellowstone & Glacier Cottages and replace damaged finishes in the Mustang Gym.

Montana University System

- General Spending Authority, MUS - All Campuses - \$2,500,000 UM Plant Funds (71100), \$2,500,000 MSU Plant Funds (71200) appropriated in language as \$2,000,000 to DOA and \$3,000,000 to MUS. The funds shown here are Authorizations not appropriations. This project will fund various projects exceeding \$150,000 and not requiring ongoing state O&M at campuses across the state.

- Science & Instruct. Tech Building Addition, MSU-Billings - \$10,000,000 LRBP Capital Project Funds (05007) appropriated to DOA and includes \$5,000,000 Authorization . This project will renovate and construct an addition to the Health & Science Building on the MSU-Billings campus.
- Replace Roof and Other Renovations, MSU Great Falls COT - \$1,000,000 LRBP Capital Project Funds (05007) appropriated to DOA. This project will replace the roof system of select areas of the MSU COT Great Falls roof or provide other renovations.
- Automotive Technology Center, MSU-Northern - \$4,900,000 000 LRBP Capital Project Funds (05007) appropriated to DOA and includes \$3,000,000 Authorization. This project will renovate and construct an addition to the Auto & Diesel Technology Building, MSU-Northern, Havre.
- Construct Missoula College UM – UM-Missoula - \$29,000,000 LRBP Capital Project Funds (05007) appropriated to DOA and includes \$3,000,000 Authorization. This project will construct a new Missoula College UM facility at UM Missoula.
- Main Hall Renovation, Phase 3, UM-Western - \$4,000,000 LRBP Capital Project Funds (05007) appropriated to DOA and includes \$500,000 Authorization. This project will complete the work funded in the last two biennia to renovate Main Hall.
- Natural Resource Research Center Addition, MT Tech-UM - \$5,000,000 LRBP Capital Project Funds (05007) appropriated to DOA and includes \$5,000,000 Authorization. This project will construct an addition to the Engineering Lab/Classroom at MT Tech of the U of M.
- Jabs Hall, MSU-Bozeman - \$20,000,000 Authorization administered by DOA. This project will allow for spending authority to construct a new building for MSU Bozeman College of Business.
- Athlete Academic Center, U of M-Missoula - \$2,500,000 Authorization administered by DOA. This project will construct a new Student Athlete Academic Center on the Missoula campus.
- Gilkey Executive Education Center, UM-Missoula - \$9,300,000 Authorization administered by DOA. This project will construct a new Gilkey Executive Education Center on the Missoula campus.
- Mansfield Library Student Success, UM-Missoula - \$3,200,000 Authorization administered by DOA. This project will construct a learning commons within the Mansfield library.
- Land Acquisition, Great Falls College – MSU - \$750,000 LRBP Capital Project Funds (05007) appropriated to MUS and includes \$750,000 Authorization. This project will acquire land at the Great Falls College-MSU.

Future Operations and Maintenance Costs

When approving the construction of new buildings and space, the legislature considers the budgetary impacts of the future costs of operations and maintenance (O&M). For new space requested by the university system (MUS), the legislature is made aware of the uses of the proposed buildings prior to approving the projects to understand what portion of the future O&M costs should fall to the responsibility of the state. The state portion of the future costs of the university projects are negotiated agreements between the Office of Budget and Program Planning and MUS. To determine responsibility for future costs, the new space is defined within five categories that include:

- Instructional (I) – classroom type space, O&M is the responsibility of the state
- Instructional related (IR) – libraries, student services, academic support, institutional support, Native American student centers, O& M may be negotiated to determine the responsibility of the state
- Sponsor research (SR) – primarily business sector research, O&M is not the responsibility of the state. In the 2015 biennium, the new space did not include SR, so that category is not included in the figure below
- Public service (PS) – child care centers, student stores, other student service spaces, O&M is not the responsibility of the state
- Non-academic (NA) – spaces that not used for academic purposes, O&M is not the responsibility of the state

The following figure includes the projected occupation date, the proposed O&M splits, and the total and state O&M costs. For example, the Gilkey Executive Education Center project is planned to include 80% of non-academic space, so the state will be responsible for 20% of the future O&M costs. The following figure provides estimates of the future O&M costs associated with the new space projects approved by the legislature in HB 5.

With the exception of the Butte Justice Center project, the projects will be undertaken at MUS and their related campuses. The state cost for O&M for the Butte Justice Center is based on the sq/ft of space that will be occupied by Department of Justice functions. The assumptions used to develop these estimates are as follows:

- Inflation rate is 1.5% per biennia
- The new Butte Justice Center building will contain 13,800 square feet (sq/ft) that Butte Butte-Silver Bow County will pay for the O&M for the 10,800 sq/ft of the new space
- The O&M costs for College of Missoula O&M are net of current O&M
- Renovation to Dillon's Main hall will include no new space and no increase in O&M
- The Mansfield Library project/renovation has no new O&M

Future Operations and Maintenance (O&M) Costs for New Space Projects Approved by 63rd Legislature											
	Projected Occupation	University Splits				Total Future O&M			Future State Cost		
		I	IR	PS	NA	Biennium			Biennium		
						2015	2017	2019	2015	2017	2019
Construct Butte Justice Center	07/01/15					\$0	\$216,958	\$220,212	\$0	\$47,165	\$47,872
Science & Instruct. Tech Building Addition, MSU-Billings	12/01/14	43%	57%			205,007	777,664	880,616	205,007	777,664	880,616
Automotive Technology Center, MSU-Northern	12/14/14	85%	15%			12,394	43,131	43,778	12,394	43,131	43,778
Construct Missoula College UM – UM-Missoula	07/01/16	80%	20%				830,675	1,686,270		830,675	1,686,270
Main Hall Renovation, Ph 3, U of M - Western	10/13/13	75%	25%								
Natural Resource Research Center Addition, MT Tech-UM	07/01/15	100%					690,606	700,965		690,606	700,965
Jabs Hall, MSU-Bozeman	06/01/15	35%	63%	2%		37,946	924,363	938,228	37,187	905,875	919,463
Athlete Academic Center, UM-Missoula	07/01/15		100%				243,078	246,724		243,078	246,724
Gilkey Executive Education Center, UM-Missoula	07/01/16		20%		80%		311,247	631,831		62,249	126,366
Mansfield Library Student Success, UM-Missoula											
						\$255,347	\$4,037,722	\$5,348,625	\$254,588	\$3,600,445	\$4,652,056

Funding

Funding for the Long-Range Building Program comes from various sources: the LRBP capital projects fund, state special revenue funds, federal funds, and other funds (such as university funds, private funds, and capitol land grant funds). While not the largest source of funding for capital projects, the LRBP capital projects fund is the principle source of funding for major maintenance in the state building program.

As seen in the figure on the following page, the LRBP capital projects fund will begin the 2015 biennium with an estimated beginning fund balance of \$839,287. LRBP account revenues include 2.6% of cigarette tax revenue and 12.0% of coal severance tax revenue. Other income includes LRBP interest earnings, supervisory fees paid to the A&E, and transfers from the State Building Energy Conservation Program. The LRBP fund is expected to collect \$18.5 million in program revenues, fees, and earnings. The legislature provided a transfer of \$49.6 million from the general fund to the LRBP capital projects fund to support the construction of new buildings and additions.

Appropriations of the LRBP program include A&E administrative costs and debt service costs. The A&E administrative cost is \$3.7 million and is appropriated in HB 2 from the LRBP state special revenue fund. After consideration of a \$1.3 million funding switch established by the 2001 Legislature, the LRBP is responsible for \$4.3 million of debt service for bonds authorized by the 1995 Legislature. Finally, the legislature appropriated \$60.6 million for LRBP projects from the capital projects fund, providing total appropriations from the capital projects fund of \$68.6 million. As a result, the balance of the LRBP capital projects fund at the end of the 2015 biennium is estimated to be \$294,704.

Long-Range Building Program Fund (05007)			
Fund Balance Projection 2015 Biennium -Return to House			
Estimated Beginning Fund Balance (7/1/2013)			\$839,287
Revenue Projections ¹	<u>FY 2014</u>	<u>FY 2015</u>	<u>Biennium Total</u>
Cigarette Tax	\$1,802,000	\$1,747,000	\$3,549,000
Coal Severance Tax	6,956,000	7,237,000	14,193,000
Interest Earnings	177,271	174,967	352,238
Supervisory Fees	155,681	155,681	311,362
Energy Savings Transfer	40,000	40,000	80,000
General Fund Transfer	49,550,000		<u>49,550,000</u>
2015 Biennium Revenues			68,035,600
Operations Expenditures			
Operating Costs-A & E Division ²	(\$1,850,988)	(\$1,849,966)	(\$3,700,954)
Debt Service-2003G	(1,695,725)	(1,697,101)	(3,392,826)
Debt Service-2005A	(1,092,327)	(1,098,076)	(2,190,403)
Funding Switch ³	665,000	665,000	<u>1,330,000</u>
Total Expenditures			(7,954,183)
Balance Available for Capital Projects			60,920,704
Capital Project Appropriations ⁴			<u>(60,626,000)</u>
Estimated Ending Fund Balance - (6/30/2015)			\$294,704
¹ SJ2			
² Includes administrative costs included in HB 2, including the 2% increase in vacancy savings, and HB 13 estimated impacts			
³ Debt Service Funding Switch, 2001 legislative session			
⁴ HB 5			

Executive Budget Comparison

The following figure provides the legislative changes from the executive budget proposal.

Program Comparison - Long-Range Building Program				
	Executive Recommendation	Legislative Budget		
Budget Item	2015 Biennium	2015 Biennium	Change	% Change
	<u>Proposed</u>	<u>Appropriated</u>		
LRBP Project Costs	\$270,716,000	\$175,566,000	(\$95,150,000)	-35.15%
SBCEP Project Costs	3,500,000	3,500,000	\$0	0.00%
Total Costs	\$274,216,000	\$179,066,000	(\$95,150,000)	-34.70%
Capital Projects	\$13,926,000	\$11,076,000	(\$2,850,000)	-20.47%
General Fund ¹	16,300,000	49,550,000	33,250,000	203.99%
State Special	32,760,000	32,860,000	100,000	0.31%
Federal Special	26,130,000	26,130,000	0	0.00%
Proprietary	600,000	600,000	0	0.00%
Authorization ²	86,400,000	58,850,000	(27,550,000)	-31.89%
Bond Issue	98,100,000	0	(98,100,000)	-100.00%
Total Funds	\$274,216,000	\$179,066,000	(\$95,150,000)	-34.70%
¹ General fund is a transfer to the capital project fund				
² Non-State Funds that do not Require Appropriation but Requires Approval of Legislature				

Note that while the legislature appropriated the LRBP budget in HB 5, the executive had initially requested the LRBP budget in both HB 5 and HB 14. HB 14, which appropriated bond proceeds for state building construction projects, was not passed by the legislature and a number of the projects originally contained in the bill were moved into HB 5. As a result, the following table presents the changes between the executive and legislative LRBP budgets originally in both LRBP bills, not only the changes in HB 5.

The changes from the executive budget request net to a reduction of \$95.2 million or -34.7%. The primary change occurs as a result of eliminating the bond issuance proposal, HB 14. The Governor had initially proposed a transfer of general fund to the LRBP capital projects fund, and the legislature increased the transfer by \$33.3 million. As proposed, the executive budget appropriated more funds than were available in the LRBP capital projects fund, causing a negative fund balance. The legislature corrected the negative fund balance in their actions. The individual changes in appropriations include:

- Eliminated the DOC Low Side Units project - (\$26.0) million
- Added Parks Program RUX project - \$100,000
- Added Military Museum project - \$150,000
- Reduced MSU General Spending Authorization - (\$6.0) million
- Reduced authorization for Missoula College project - (\$15.0) million
- Increased the appropriation for the Butte Justice Center - \$400,000
- Eliminated the Renovation of Romney Hall project - (\$20.0) million
- Eliminated the Heritage Center project - (\$28.5) million
- Added authorization for Mansfield Library project - \$3.2 million
- Reduced authorization for Jobs Hall project - (\$5.0) million
- Added appropriation and authority for land acquisition at Great Falls College - \$1.5 million

Other Legislation

The Sixty-third Legislature did not enact any other legislation that would directly impact the LRBP.

STATE BUILDING ENERGY CONSERVATION PROGRAM

Program Description

The State Building Energy Conservation Program (SBECP), administered by the Department of Environmental Quality (DEQ), was established by the 1989 Legislature to reduce operating costs of state facilities by identifying and funding cost-effective energy efficiency improvements. Statutory authority is found in Title 90, Chapter 4, part 6, MCA. Energy efficiency improvements include projects such as:

- * Replacing old, inefficient boilers
- * Insulating buildings
- * Upgrading inefficient lighting
- * Providing more effective temperature controls
- * Increasing ventilation system efficiency
- * Upgrading water conservation systems

Projects come to the attention of SBECP either directly because of the energy saving benefits or in conjunction with projects planned under the Long-Range Building Program (LRBP). DEQ offers state agencies assistance in evaluating energy use and identifying energy conservation projects. Program engineers evaluate all projects proposed for the LRBP to assess the energy savings potential on proposed remodeling projects. Projects with the potential for energy savings are funded through the SBECP, and are often jointly funded with LRBP deferred maintenance funds.

Summary of Legislative Action

The Sixty-third Legislature provided \$3.5 million of appropriations for the SBECP in the 2015 biennium. The figure below shows the projects appropriated in HB 5 and includes the anticipated annual energy savings associated with the projects and the total years of savings required to repay the project costs.

State Building Energy Conservation Program (SBECP)				
Appropriations - HB 5 - 2015 Biennium				
Department	Project Title	Appropriation	Annual Savings	Simple Payback/Yrs
Corrections	Pine Hills Youth Correctional Facility, Repair and upgrade building systems	\$500,000	\$50,000	13
Administration	Capitol Building: Repair and upgrade HVAC systems	500,000	53,000	12
Environmental Quality				
Corrections	Men's Prison Laundry Improvements	600,000	53,000	15
University System	Science Lab Improvements, Retro-commissioning, MSU Tietz Hall HVAC Upgrade	1,000,000	88,000	15
Energy Improvements	Statewide lighting upgrades, minor HVAC	<u>900,000</u>	<u>80,000</u>	15
Total Appropriation / Savings		<u>\$3,500,000</u>	<u>\$324,000</u>	

Project Descriptions

- Pine Hills Youth Correctional Facility. This project includes:
 - Upgrades to temperature control systems
 - Conversion of constant volume heating, ventilation, and air-conditioning (HVAC) systems to variable air volume
 - Adding variable frequency drives to the heating water pumps
 - Replacing one boiler with two condensing boilers
- Capitol Building. This project includes:
 - Upgrades to the temperature control system
 - Replacement of heating and cooling control valves
 - HVAC modifications for the hearing rooms
 - Lighting upgrades

- Prison laundry improvements, Department of Corrections, Deer Lodge – This project includes:
 - Modifications that would eliminate the need for the fluid heater
 - Improvements to the domestic water heaters
 - Installation of an ozone injection system
 - Replacement of electric dryers with gas dryers
- University system improvements, MSU – This project includes:
 - Upgrades to HVAC
 - Retro-commissioning to improve performance at science labs and Tietz Hall at MSU
- Energy improvements, Statewide - This project will primarily provide lighting improvements for state facilities, specific projects will be identified during the biennium

Note: all projects described above are funded through the State Building Energy Conservation state special revenue fund.

FUNDING

The SBECF is formed to operate like a “revolving loan program”. Agencies effectively borrow the funding for the projects and reimburse the program (plus a 3% fee to cover the administrative costs of the program - appropriated in HB 2) from the energy savings. In FY 2013 reimbursements are expected to generate approximately \$1.4 million, and the reimbursements are expected to remain at that annual level throughout the 2015 biennium. Consequently, some of the project costs in the 2015 biennium will be funded with the program’s fund balance. As seen in the figure above, the investment of \$3.5 million will provide estimated savings of \$324,000 per fiscal year, once the projects are complete and the agencies begin reimbursements. Savings derived from the projects is expected to continue for at least 15 years, in most cases. Those funds will be used for projects in future years.

Executive Budget Comparison

The Sixty-third Legislature made no changes from the executive request for the SBECF.

Other Legislation

The Sixty-third Legislature did not enact any other legislation that would directly impact the SBECF program.

LONG-RANGE INFORMATION TECHNOLOGY PROGRAM

Program Description

The Long-Range Information Technology Program (LRITP) provides an alternative method of funding large information technology (IT) investments. The LRITP consolidates all major IT projects in one appropriation bill and defines major IT enterprises as capital projects. All of the executive branch projects included in the LRITP program will be overseen by the state chief information officer (CIO) within the Department of Administration (DOA).

Summary of Legislative Action

The Sixty-third Legislature provided total appropriations of \$20.9 million for nine major IT projects in HB 10. The figure below shows the projects by agency, project name, and fund type.

Long-Range Information Technology Program (LRITP)					
Project Appropriations - HB 10 - 2015 Biennium					
Agency / Project	LRITP Capital Projects Funds	State Special	Federal Special	Proprietary	Total
Administration					
DOA Public Safety Communications System	\$3,000,000				\$3,000,000
Computerized Maintenance Management System				350,000	350,000
Enhance Data Security	2,000,000				2,000,000
Electronic Records Mgt./Electronic Mgt. Grants	1,000,000				1,000,000
Commissioner of Political Practices					
Campaign Reporting Service Database Rewrite	502,400				502,400
Environmental Quality					
Remediation Information Management System	700,000	1,060,000	40,000		1,800,000
Transportation					
Maintenance Management System		2,000,000			2,000,000
Secretary of State					
Information Management System Phase 2	4,078,385				4,078,385
Legislative Branch					
Session Systems Replacement Project	<u>6,146,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,146,000</u>
Total Projects	<u>\$17,426,785</u>	<u>\$3,060,000</u>	<u>\$40,000</u>	<u>\$350,000</u>	<u>\$20,876,785</u>

Project Descriptions

The following is a brief description of the projects shown in the table above. The appropriations are provided to the department of administration unless otherwise noted.

Department of Administration

- Public Safety Communications System Maintenance and Operations - \$3,000,000 LRITP Capital Projects Fund (05031) – This project will fund the expansion of the public safety communications system administered by the Montana Statewide Interoperability Governing Board (SIGB). The project includes \$1.5 million for replacement equipment to support the maintenance of the system and \$1.5 million for the leased use of private telecommunications equipment and infrastructure
- Computerized Maintenance Management System - \$350,000 GSD Proprietary Funds (06528) – This project will fund the purchase and installation of a computerized maintenance management system. The system will enable General Services Division (GSD) to use resources more efficiently, enhance customer

responsiveness, and increase asset reliability. In addition, the system will provide the ability for GSD to track and develop deferred maintenance projects for the 40 buildings they manage

- Enhance Data Security - \$2,000,000 LRITP Capital Projects Fund (05031) – This project will expand and enhance measures to address potential security gaps in state information technology systems and networks, to prevent hackers from gaining access to Montanan's confidential information
- Electronic Records Management/Electronic Content Management Matching Grants - \$1,000,000 LRITP Capital Projects Fund (05031) – This project will provide funding for the development of electronic record creation, management, storage, and retrieval processes. In approving this project, the legislature requested that an IT system result from the work.

Commissioner of Political Practices

- Campaign Reporting Service / Database Rewrite - \$502,400 LRITP Capital Projects Fund (05031) – This project will utilize a single vendor to rewrite the current database and build an online application to eliminate the risk of losing functionality and system failure of the fragile current system. This system is utilized by the candidates, committees, media, public, and the Office of the Commissioner of Political Practices.

Department of Environmental Quality

- Remediation Information Management System - \$700,000 LRITP Capital Projects Fund (05031), \$240,000 Petroleum Storage Tank Cleanup SSR (02058), \$610,000 Environmental Quality Protection SSR (02162), \$210,000 LUST Cost Recovery SSR (02565), \$40,000 EPA Brownfields Grant FSR (03973) – This project will replace the current remediation legacy system with current software and will incorporate refined business functionality identified through a process assessment and new federal and state legal requirements.

Department of Transportation

- Maintenance Management System - \$2,000,000 Restricted Highway SSR (02422) – This project will replace the current Maintenance Management System (MMS) legacy system with a full-featured MMS to improve timeliness, accuracy of data collection, and employee efficiency. The new system would also support all of the maintenance programs within the maintenance division, instead of only supporting general maintenance operations.

Secretary of State

- Information Management System, Phase 2 - \$4,078,385 LRITP Capital Projects Fund (05031) – This project will replace an outdated legacy mainframe application that contains information on every registered business in Montana. It will also replace several other applications and databases that support office accounting and filing processes.

Legislative Services Division

- Session Systems Replacement Project - \$6,146,000 LRITP Capital Projects Fund (05031) – This is a major enterprise-level business system replacement project to upgrade multiple aging systems, including process design, MCA/annotations, LAWS database, editor system, HB2 automation, Engrossing and Enrolling, and the MCA online system, all used to support the legislative session and related post session publication processes. The appropriation is provided to the Legislative Services Division.

Funding

Funding for LRITP capital projects is made through the LRITP capital projects fund. The LRITP fund has no revenue distributions directed to the upgrades of state IT, but instead relies on fund transfers and agency funds to pay the costs of major IT projects. The LRITP capital projects fund will begin the 2015 biennium with a balance of \$6.0 million. As shown in the figure to the right, HB 10 contains a general fund transfer of \$11.5 million. Consequently, the beginning fund balance along with the anticipated fund revenues are expected to equal the capital project fund appropriations of \$17.4 million, and a \$0 fund balance is expected at the end of the 2015 biennium.

Long-Range Information Technology Capital Project Fund (05031) Working Capital Balance, 2015 Biennium	
Estimated Beginning Fund Balance (7/1/2013)	\$5,975,000
Revenues	
Transfer from the General Fund	<u>\$11,451,785</u>
2015 Biennium Revenues	11,451,785
Fund Appropriations ¹	
LRITP Projects	<u>(17,426,785)</u>
Total Appropriations	(17,426,785)
Estimated Ending Fund Balance (6/30/2015)	\$0
¹ HB 10	

Executive Budget Comparison

The Sixty-third Legislature increased the appropriation for LRITP from the executive recommendation by \$644,000 or 3.2%. The changes from the executive budget request include:

- A cost reduction for the Secretary of State project – (\$356,000)
- The addition of the Electronic Records Management project - \$1.0 million

Program Comparison - Long-Range Information Technology Program				
Budget Item	Budget 2015 Biennium	Budget 2015 Biennium	Biennium Change	Biennium % Change
	<u>Appropriated</u>	<u>Proposed</u>		
Projects Cost	\$20,232,785	\$20,876,785	\$644,000	3.18%
Total Costs	\$20,232,785	\$20,876,785	\$644,000	3.18%
Capital Project Fund	0	5,975,000	5,975,000	-
General Fund ¹	16,782,785	\$11,451,785	(5,331,000)	-31.76%
State Special	3,060,000	3,060,000	0	0.00%
Federal Special	40,000	40,000	0	0.00%
Other/Proprietary	350,000	350,000	0	0.00%
Total Funds	\$20,232,785	\$20,876,785	\$644,000	3.18%
¹ General fund is a transfer to the capital project fund				

The legislature also reduced the transfer of general fund to the capital projects fund by \$5.3 million in recognition of the existing fund balance at the beginning of the 2015 biennium.

Other Legislation

The Sixty-third Legislature did not enact any legislation that would directly impact the LRITP program.

TREASURE STATE ENDOWMENT PROGRAM

Program Description

The Treasure State Endowment Program (TSEP) is a local government infrastructure-financing program approved by Montana voters with the passage of Legislative Referendum 110 in June 1992. Grant funding for the program is derived from investment earnings on coal severance tax funds. According to 90-6-702, MCA, the purpose of TSEP is to assist local governments in funding infrastructure projects. Eligible applicants include cities, towns, counties, and tribal governments, county or multi-county water, sewer, or solid waste districts. The TSEP is administered by the Department of Commerce (DOC). The TSEP administrators recommend and the legislature authorizes grants through a procedure that ranks the projects according to seven statutory priorities and relative financial need. Projects are generally funded in priority order, given the amount of interest earnings anticipated in the biennium.

Summary of Legislative Action

The 2013 Legislature appropriated \$35.0 million for TSEP in HB 11 for the 2015 biennium, after choosing to fund all grant requests. From the total appropriations, \$4.5 million funds 16 bridge grants, \$29.5 million funds 48 infrastructure grants, \$100,000 funds emergency grants, and \$900,000 funds project planning grants. To fully fund the grant appropriations, the legislature provided a transfer of \$13.3 million from the general fund to the TSEP state special fund. The 2011 Legislature made changes to the TSEP program, requiring bridge projects to be ranked separately from infrastructure projects and limiting the funding for bridge projects to up to 20% of the interest earnings of the Treasure State Endowment trust. The grants to local governments authorized by the legislature are seen in figures below. Given the legislature's intent to assess bridges separately, the bridge projects and infrastructure projects are shown separately in the figures below.

Treasure State Endowment Program (TSEP) Grants Authorized - HB 11 - 2015 Biennium				
Applicant/County	Type of Project	Total Project Cost	Grants Authorized	Cumulative Total
<u>Bridge Grants</u>				
Missoula County	Bridge	\$960,745	\$480,372	\$480,372
Lewis & Clark County	Bridge	462,986	231,493	711,865
Granite County	Bridge	752,008	376,004	1,087,869
Carbon County	Bridge	911,350	455,675	1,543,544
Ravalli County	Bridge	424,978	212,489	1,756,033
Powell County	Bridge	641,880	320,940	2,076,973
Judith Basin County	Bridge	470,423	235,211	2,312,184
Blaine County	Bridge	509,347	254,000	2,566,184
Anaconda-Deer Lodge Co.	Bridge	624,209	312,104	2,878,288
Jefferson County	Bridge	763,764	381,882	3,260,170
Stillwater County	Bridge	410,056	205,028	3,465,198
Park County	Bridge	219,990	109,955	3,575,153
Glacier County	Bridge	563,854	281,927	3,857,080
Big Horn County	Bridge	474,925	237,462	4,094,542
Chouteau County	Bridge	357,841	178,920	4,273,462
Yellowstone County	Bridge	<u>436,878</u>	<u>218,439</u>	4,491,901
Total TSEP Bridge Grants Authorized		<u>\$8,985,234</u>	<u>\$4,491,901</u>	

Treasure State Endowment Program (TSEP)				
Grants Authorized - HB 11 - 2015 Biennium				
Applicant/County	Type of Project	Total Project Cost	Grants Authorized	Cumulative Total
Infrastructure Grants				
Craig Co WSD, Lewis & Clark	Waste Water	3,332,755	\$750,000	\$750,000
Glendive, Dawson ²	Waste Water	8,879,392	750,000	1,500,000
Manhattan, Gallatin	Water	1,855,000	750,000	2,250,000
Cascade, Cascade	Water	2,069,051	750,000	3,000,000
Pinesdale, Ravalli	Water	2,474,000	750,000	3,750,000
Musselshell Co WSD, Musselshell	Water	900,250	450,125	4,200,125
Valier, Pondera	Waste Water	2,060,190	750,000	4,950,125
Hill County - North Havre, Hill	Waste Water	423,000	211,500	5,161,625
Hot Springs, Sanders	Water	1,185,100	592,550	5,754,175
Chinook, Blaine	Water	2,998,400	750,000	6,504,175
Roundup, Musselshell	Water	1,250,273	500,000	7,004,175
Dawson Co/West Glendive, Dawson	Waste Water	3,047,631	750,000	7,754,175
Seeley Lake Sewer Dist, Missoula	Waste Water	6,907,000	750,000	8,504,175
Three Forks, Gallatin	Waste Water	4,529,155	750,000	9,254,175
Libby, Lincoln	Water	8,797,000	750,000	10,004,175
South Wind WSD, Cascade	Water & WW	1,974,500	750,000	10,754,175
Richland County, Richland	Waste Water	2,165,000	750,000	11,504,175
Amsterdam/Churchill Sewer Dist., Gallatin	Waste Water	3,161,268	750,000	12,254,175
Philipsburg, Granite	Water	1,120,000	550,000	12,804,175
Dutton, Teton	Water	832,555	408,500	13,212,675
Fort Benton, Chouteau	Waste Water	4,230,000	750,000	13,962,675
Moore, Fergus	Waste Water	1,880,000	625,000	14,587,675
Forsyth, Rosebud	Waste Water	3,434,700	500,000	15,087,675
Vaughn Co WSD, Cascade	Waste Water	1,972,645	750,000	15,837,675
Choteau, Teton	Waste Water	7,773,477	750,000	16,587,675
Boulder, Jefferson	Waste Water	4,882,000	625,000	17,212,675
Polson, Lake	Water	1,480,620	625,000	17,837,675
Cut Bank, Toole	Waste Water	8,131,000	625,000	18,462,675
White Sulphur Springs, Meagher	Waste Water	988,000	460,500	18,923,175
Conrad, Pondera	Water	1,479,995	625,000	19,548,175
Winnett, Petroleum	Waste Water	2,304,000	750,000	20,298,175
Malta, Phillips	Water	6,157,500	500,000	20,798,175
Harlowton, Wheatland	Waste Water	1,611,000	625,000	21,423,175
Stevensville, Ravalli	Waste Water	3,770,630	750,000	22,173,175
Lodge Grass, Big Horn	Waste Water	3,721,000	750,000	22,923,175
Harlem, Blaine	Waste Water	2,363,829	625,000	23,548,175
Winifred, Fergus	Waste Water	2,513,000	500,000	24,048,175
Havre, Hill	Waste Water	8,966,411	500,000	24,548,175
Fairfield, Teton	Waste Water	2,629,753	625,000	25,173,175
Miles City, Custer	Waste Water	8,400,800	500,000	25,673,175
Drummond, Granite	Waste Water	2,342,000	750,000	26,423,175
Alberton, Mineral	Waste Water	581,000	292,000	26,715,175
Eureka, Lincoln	Water	1,100,000	550,000	27,265,175
Shelby, Toole	Stormwater	2,116,799	625,000	27,890,175
Belt, Cascade	Waste Water	2,525,205	625,000	28,515,175
Joliet, Carbon	Waste Water	2,388,000	154,200	28,669,375
Hamilton, Ravalli	Waste Water	2,301,000	322,262	28,991,637
Plevna, Fallon	Water	<u>1,100,000</u>	<u>500,000</u>	29,491,637
Total TSEP Infrastructure Grants Authorized		<u>\$153,105,884</u>	<u>\$29,491,637</u>	
Total TSEP Projects			<u>\$33,983,538</u>	

Funding

The fund balance table on the following page shows the projected ending fund balance of the TSEP state special revenue fund for the 2015 biennium. The TSEP fund is estimated to begin the biennium with a fund balance of \$1.5 million. The beginning fund balance results primarily from the grants that were unable to meet the startup conditions by the stated deadline.

TSEP interest earnings are expected to be \$21.4 million for the biennium. The legislature transferred \$13.3 million from the general fund to the TSEP fund to provide sufficient funds to cover the costs of all bridge and infrastructure grant requests. Total revenues are expected to be \$34.7 million in the 2015 biennium.

The legislature made several appropriations from the TSEP state special fund. First, \$1.2 million was appropriated for the administrative costs of the program in HB 2 and includes an estimate for the impact of employee pay raises provided in HB 13. Other appropriations in the TSEP bill include \$100,000 for the emergency grants and a \$900,000 appropriation for preliminary engineering grants. Finally, the legislature provided an appropriation of \$34.0 million (which includes \$4.5 million for bridge grants and \$29.5 million for infrastructure grants) for TSEP grants. By the end of the 2015 biennium, the TSEP state special fund is expected to have an ending fund balance of \$22,984.

Treasure State Endowment Fund (02270)	
Fund Balance Projection 2015 Biennium	
Estimated Beginning Fund Balance (7/01/2013)	\$1,480,756
Revenue Projections ¹	
FY 2014 Interest Earnings	\$10,383,000
FY 2015 Interest Earnings	10,998,000
General Fund Transfer	13,300,000
2015 Biennium Revenues	\$34,681,000
Appropriations	
Administration ²	(\$1,155,234)
Emergency Grants	(100,000)
Preliminary Engineering Grants	(900,000)
Bridge Grants	(4,491,901)
Water Infrastructure Grants	(29,491,637)
Total Expenditures	(\$36,138,772)
Estimated Ending Fund Balance - (6/30/2015)	\$22,984

¹ SI2

² Includes administrative costs included in HB 2, including the 2% increase in vacancy savings, and HB 13 estimated impacts

Executive Budget Comparison

The executive budget recommended \$19.3 million of appropriations from the interest earnings of the TSEP trust for the 2015 biennium to fund 6 bridge grants and 25 infrastructure grants. The legislature chose to fund all grant requests, increasing the proposed budget to include funding for 16 bridge grants and 48 infrastructure grants. To fund the local government grants, the legislature made use of both unexpended TSEP fund balance and a transfer of general fund into the TSEP fund. Consequently, the legislature increased the TSEP budget by 80.9% from the executive proposal.

Program Comparison - Treasure State Endowment Program				
	2013 Biennium	2015 Biennium	Change	% Change
Trust Balance (End of Biennium)	\$238,947,000	\$268,523,000	\$29,576,000	12.4%
Trust Earnings	19,747,477	21,558,000	1,810,523	9.2%
Budget Item	Executive Recommendation 2015 Biennium	Legislative Budget 2015 Biennium	Change	% Change
Number of Grants Funded (bridge)	6	16	10	166.7%
Number of Grants Funded (infrastructure)	25	48	23	92.0%
	<u>Proposed</u>	<u>Appropriated</u>		
Bridge Grants Cost	\$1,879,691	\$4,491,901	\$2,612,210	139.0%
Water Infrastructure Grants Cost	16,462,675	29,491,637	13,028,962	79.1%
Other Grants Cost	1,000,000	1,000,000	0	0.0%
Total Costs	\$19,342,366	\$34,983,538	\$15,641,172	80.9%
State Special	\$19,342,366	\$21,683,538	\$2,341,172	12.1%
General Fund	0	13,300,000	13,300,000	-
Total Funds	\$19,342,366	\$34,983,538	\$15,641,172	80.9%

Other Legislation

HB 454 – Section 2 of this legislation changed the date when coal severance tax revenues would stop flowing into the Treasure State Endowment Fund from June 30, 2020 to June 30, 2016. This action will reduce new revenue to flowing into the trust principal and subsequently reduce the interest earnings available for future grants, beginning in FY 2017. As seen in the figure on the previous page, the trust is estimated to grow by approximately \$30 million between fiscal year end 2013 and FYE 2015. As a rough estimate based on the assumption of constant tax deposits over the four years, the principal of the trust will lose approximately \$60 million. At an average rate of trust return, 5.5% annually, this change will ultimately reduce interest earnings by an estimated \$3.3 million per fiscal year.

TREASURE STATE ENDOWMENT REGIONAL WATER PROGRAM

Program Description

The 1999 Legislature created the treasure state endowment regional water system fund as a new sub-trust within the coal tax permanent trust. The Treasure State Endowment Program Regional Water System (TSEPRW), established in 90-6-715, MCA, was created to provide a state match for the receipt of federal funds for large regional water projects. The program is administered by the Department of Natural Resources and Conservation (DNRC). Interest from the trust can be distributed as a match to federal funds to regional water authorities that have met certain conditions including:

- An executed agreement with DNRC
- A DNRC approved management plan
- A financial accounting system that conforms to GAAP principles
- A detailed preliminary engineering report

The interest from the trust is also used to pay administrative costs to the DNRC and the four regional water authorities:

- Dry Prairie Regional Water Authority (federally authorized)
- North Central Montana Regional Water Authority (federally authorized)
- Dry-Redwater Regional Water Authority
- Musselshell-Judith Regional Water Authority

Summary of Legislative Action

The legislature provided a \$17.0 million appropriation to fully fund the state share for the two federally authorized regional water projects: the Dry Prairie Regional Water, \$5.0 million towards the estimated total project cost of \$317 million, and the North Central Montana Regional Water, \$12.0 million towards the estimated total cost of \$361 million. To date, the TSEPRW fund has provided \$10.8 million towards the costs of the Dry Prairie system and \$9.6 towards the costs of the North Central system. The appropriation will allow the state to invest in the system during the 2015 biennium and mitigate the future construction inflation costs that would occur if the state were to support the projects over a prolonged period of time. The figure below shows the proposed projects that will be undertaken with the state funding.

Treasure State Endowment Regional Water Program Projects - HB 11 - 2015 Biennium	
Project Title	State's Share Project Cost
Dry Prairie Regional Water Authority	
East Medicine Lake Distribution Phase II	\$270,000
Medicine Lake-to-Plentywood Mainline	1,900,000
Glasgow Area B & D	360,000
Frazer to Porcupine Creek	<u>2,470,000</u>
Total Dry Prairie State Share	<u>\$5,000,000</u>
North Central Regional Water Authority	
Core Pipeline Segment #3	\$450,000
Conrad-to-Brady mainline for Brady interim supply	2,300,000
Shelby-to-Cut Bank for Cut Bank interim supply	<u>9,250,000</u>
Total North Central State Share	<u>\$12,000,000</u>

While the TSEPRW program will continue to be tasked with oversight and administration of the Dry Prairie and North Central projects, the program (and its available matching funds) will be more focused on the Dry-Redwater and the Musselshell-Judith projects in the future. The systems are seeking federal authorization at this time. Given the statutory condition that the program funding is to provide a match to federal funds, federal authorization is vital to the state's assistance in those system's water projects. All future construction funding will be available for these projects and any other regional water systems that may be developed.

Funding

TSEP Regional Water System Fund (02015)	
Fund Balance Projection 2015 Biennium	
Estimated Beginning Fund Balance (7/1/2013)	\$3,081,730
Revenue Projections ¹	
2014 Interest Earnings	\$3,287,000
2015 Interest Earnings	3,591,000
General Fund Transfer	<u>8,400,000</u>
2015 Biennium Revenues	15,278,000
Proposed Expenditures	
Administration - DNRC ²	(177,012)
Regional Water Authority Admin. Grants (HB 2)	(1,169,000)
Regional Water State Share	<u>(17,000,000)</u>
Total Proposed Expenditures	(18,346,012)
Estimated Ending Fund Balance - (6/30/2015)	<u>\$13,718</u>
¹ SI2	
² Includes administrative costs included in HB 2, including the 2% increase in vacancy savings, and HB 13 estimated impacts	

The figure to the left shows the estimate for the TSEPRW fund balance. The TSEPRW fund is expected to begin the 2015 biennium with a \$3.1 million balance. Interest and earnings in the 2015 biennium are projected to be \$6.9 million. To fund the state share of the two federally authorized regional water projects, the legislature transferred \$8.4 million from the general fund to the TSEPRW state special fund. As a result, the program will have \$15.3 million of revenue in the 2015 biennium. The legislature made several appropriations from the TSEPRW fund in the 2015 biennium. Appropriations in HB 2 include \$177,012 for the administrative costs of DNRC and \$1.2 million for administrative grants that fund the activities of the four regional water authorities. After the \$17.0 million appropriation for the state match for regional water projects, the fund is expected to have a fund balance of \$13,718 at the end of the 2015 biennium.

Executive Budget Comparison

As seen in the figure to the left, the legislature increased the appropriation for the state match on regional water by \$8.1 million, or 91.0% from the executive budget proposal. The legislature reduced the amount of funds appropriated from the state special fund, since the fund was initially over appropriated, and provided a transfer from the general fund of \$8.4 million.

Program Comparison - Treasure State Endowment Regional Water Program				
	2013 Biennium	2015 Biennium	Change	% Change
Trust Balance (End of Biennium)	\$76,396,000	\$91,170,000	\$14,774,000	19.3%
Trust Earnings	5,971,667	6,949,000	977,333	16.4%
Budget Item	Executive Recommendation 2015 Biennium	Legislative Budget 2015 Biennium	Change	% Change
	<u>Proposed</u>	<u>Appropriated</u>		
Projects Funding	\$8,900,000	\$17,000,000	\$8,100,000	91.0%
Total Costs	\$8,900,000	\$17,000,000	\$8,100,000	91.0%
State Special	\$8,900,000	\$8,600,000	(\$300,000)	-3.4%
General Fund	0	8,400,000	8,400,000	-
Total Funds	\$8,900,000	\$17,000,000	\$8,100,000	91.0%

Other Legislation

HB 8 – This legislation provides Renewable Resource loans from the proceeds of Coal Severance Tax bonds. Loan repayments are used to pay the debt service on the bonds. This legislation provides 30 year loans to the Dry Prairie Regional Water Authority, \$6.0 million, and the North Central Regional Water Authority, \$10.0 million, to fully fund the local share of the regional water projects. The regional water authorities will repay the principal and interest (4.5% or the state bond rate, whichever is lower) on their respective loans. If the authorities pursue this, or any other, funding for the local share of the regional water projects in the near future, the remaining financial obligation of these regional water projects will be the responsibility of the federal government. For more information on the Renewable Resource Loan Program, see page F-30 of this report.

HB 454 – Section 2 of this legislation changed the date when coal severance tax revenues would stop flowing into the Treasure State Endowment Regional Water Fund from June 30, 2020 to June 30, 2016. This action will reduce new revenue to flowing into the trust principal and subsequently reduce the interest earnings available for future grants, beginning in FY 2017. As seen in the figure on the previous page, the trust is estimated to grow by approximately \$15 million between FYE 2013 and FYE 2015. As a rough estimate based on the assumption constant tax deposits over the four years, the principal of the trust will lose approximately \$30 million. At an average rate of trust return, 5.5% annually, this change will ultimately reduce interest earnings by an estimated \$1.7 million per fiscal year.

RENEWABLE RESOURCE GRANT AND LOAN PROGRAM

Program Description – (RRGL grants)

The Renewable Resource Grant and Loan (RRGL) program was created by the 1993 Legislature. This program combines the former Renewable Resource Development Program, established in 1975, and the Water Development Program, established in 1981. As outlined under Title 85, Chapter 1, part 6, MCA, the purpose of the RRGL is to fund projects that “enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources.” The Department of Natural Resources and Conservation (DNRC) administers the RRGL program. The RRGL program is appropriated in two bills, HB 6 (grants) and HB 8 (loans). The two program components of the RRGL are presented separately in this report.

Summary of Legislative Action

HB 6 (Grants)

The Sixty-third Legislature passed HB 6 appropriating \$29.5 million from the revenues of the natural resource projects state special revenue fund for the various natural resource projects in HB 6. The RRGL program appropriation of \$9.0 million will fund 90 RRGL project grants. The legislature also appropriated \$100,000 for RRGL authorized emergency grants and \$1,062,000 for project planning grants. Beyond the normal RRGL program expenses, the legislature appropriated funds for other natural resource projects, which include:

- \$250,000 - Ten Mile/Pleasant Valley Sewer District Emergency Grant. This wastewater system is out of compliance with design standards for total retention for a discharging lagoon. The entire project is estimated to cost \$5,501,515 and includes a \$4.9 million dollar state revolving fund loan. This grant will help in providing:
 - Sewer main cleaning
 - A new lift Station and forcemain
 - A total retention lagoon system
- \$300,000 - Irrigation Development Grants. These grants are available to government or private entities for projects that develop or expand new irrigation or increase the production of value-added crops.
- \$100,000 - Private Grants. These grants provide financial assistance to individuals, associations, partnerships, and corporations to fund water conservation and protection projects where quantifiable benefits exceed costs. By law, private grants for a single project may not exceed 25% of the total estimated cost. The grant must be matched on a 3-to-1 basis.
- \$200,000 - Capacity Building Grants. These grants support conservation districts and watershed groups in building capabilities, knowledge, and resources to fulfill their mission. The grants must be sponsored by conservation districts or public entities working with a conservation districts. These grants aim to develop core capabilities in leadership effectiveness and financial management.
- \$200,000 - State Water Plan. This grant will update the state water plan established in law, 85-1-203 MCA. The goals of the grant include:
 - Document current supply/demand for water in the Clark Fork, Yellowstone, and Missouri basins
 - Projection of increases in demand for water over the next 20 years
 - Identification of sources of water to meet increases in demand
 - Protection of existing beneficial uses
 - Outlining options for future water needs as recommendations to the 2015 Legislature

- \$1,273,686 - Big Pipestone/Jefferson River Sloth Watershed Restoration. This grant to Jefferson County supports five projects in the Big Pipestone/Jefferson Sough Watershed. Jefferson County conducted a watershed assessment of the Jefferson Slough and main stem of Big Pipestone Creek with the goal of defining specific and feasible projects that mitigate sedimentation and loss of habitat as a part of a strategy to eradicate Eurasian watermilfoil. Big Pipestone Creek has been identified as the second-worst stream in the state for sedimentation, and has been listed as impaired by the Department of Environmental Quality. The study identified at least 33 projects that will significantly reduce sedimentation and other channel degradation that contributes to the watermilfoil habitat, flooding in Whitehall, reduced access to irrigation water, loss of agricultural lands, impaired groundwater systems, and excessive sedimentation. The funding in HB 6 funds the top 5 prioritized projects which include:
 - Landowner #24 Ranch Channel Restoration, \$760,500
 - Riparian Management Plan Development, \$15,500
 - Beaver Management Planning, \$21,240
 - Landowner #7 Channel Restoration, \$299,596
 - Jefferson Slough Hydrology and Sedimentology Stations, \$176,850

Tribal Water Compacts

The legislature provided \$17 million of appropriations in HB 6 to fulfill the state's financial obligation for two tribal water compacts: the Ft. Belknap Tribal compact and the Blackfeet Tribal compact. The two compacts have not yet been ratified by Congress, and Congressional action on both compacts is dependent on state funding being in place. If state funds are not provided, the compacts may be nullified. On the contrary, the state may not expend funds on water infrastructure projects until the Congress has ratified the compact. Further details of the tribal compact appropriations are as follows:

- \$3,000,000 - People's Creek Minimum Flow Account Deposit. The legislature established the Ft. Belknap tribal water compact in Title 80, Chapter 10, MCA in 2001. Prior to the deposit directed in HB 6, the state authorized \$9.5 million in general obligation bonds in HB 540, approved by the Fifty-ninth Legislature in 2005, to pay a portion of the state's cost share for the Ft. Belknap water compact. While not explicitly stated in the legislation, it is assumed the bonds will not be issued or sold unless a water rights compact among the Ft. Belknap Tribe, the state, and the United States has been finally ratified by all parties. To date, the Congress has not ratified this compact. Once fully ratified, projects will improve water management and supply in the water basin. The appropriation in HB 6 fully funds the state's obligation to the Ft. Belknap compact.
- \$14,000,000 - Blackfeet Tribe Water Rights Compact Infrastructure Account. The legislature established the Blackfeet tribal water compact in Title 80, Chapter 15, MCA in 2007. Prior to the deposit directed in HB 6, the state authorized \$16.0 million in general obligation bonds in HB 49, approved by the Sixty-second Legislature in 2011, to pay a portion of the state's costs for water-related infrastructure projects within the exterior boundaries of the Blackfeet Indian reservation. The legislation states, "The bonds may not be issued or sold unless a water rights compact among the Blackfeet Tribe, the state, and the United States has been finally ratified by the Blackfeet Tribe, the legislature, and the Congress of the United States." To date, the Congress has not ratified this compact. Once fully ratified, infrastructure improvement projects necessary to meet the state's legal obligations can commence. The appropriation in HB 6 fully funds the state's obligation to the Blackfeet compact.

To finance the increased grant authorizations, additional natural resource projects, and deposits for the state's obligation to the tribal compacts, the legislature provided a \$20.5 million transfer of general funds to the natural resource projects fund.

The figures on the following pages contain a list of the 90 grants authorized by the legislature in HB 6.

Renewable Resource Grants (RRGL)					Grants Authorized		Applicant / Project		Grants Authorized		Cumulative Total	
Grants Authorized - HB 6 - 2015 Biennium					Balance:							
Deer Lodge Valley Conservation District					\$100,000	\$100,000	Hill County					
Racetrack Water Users Assn.: Water Efficiency and Energy Conserv. Proj. - Phase 1					100,000	200,000	Beaver Creek Dam Outlet Works Relad.					
South Wind Water and Sewer District					100,000	300,000	Winnett, Town of					
South Wind Water and Sewer District Improvements					100,000	400,000	Winnett Wastewater					
Craig County Water and Sewer District					100,000	500,000	DNRC Water Resources Division					
Craig Wastewater System Improvements					100,000	600,000	East Fork Rock Creek Main Canal Lining Project					
Forsyth, City of					100,000	700,000	Boulder, City of					
Forsyth Wastewater System Improvements					100,000	800,000	Boulder Wastewater System Improvements					
Clinton Irrigation District					100,000	900,000	White Sulphur Springs, City of					
Clark Fork Diversion Rehad. Project					100,000	1,000,000	White Sulphur Springs Wastewater Improvements Project - Phase 1					
Beaverhead County Conservation District					100,000	1,100,000	Helena Valley Irrigation District					
Swamp Creek Siphon Project					100,000	1,200,000	Helena Valley ID Pump Automation Project					
Miles City, City of					100,000	1,300,000	Buffalo Rapids Irrigation Project District 1					
Miles City Wastewater System Improvements, Phase 2					100,000	1,400,000	Buffalo Rapids 1 Lateral 20.6 Conversion Project					
Alberton, Town of					100,000	1,500,000	Whitefish, City of					
Alberton Wastewater Project					100,000	1,600,000	City of Whitefish Nutrient Reduction Plan					
Richland County					100,000	1,700,000	Fort Peck Tribes					
Richland County - Savage Wastewater System Improvements					100,000	1,800,000	Fort Peck Tribes Phase 2 Lateral L-2M Rehad. Project					
Dawson County					100,000	1,900,000	Flathead County					
Dawson County - West Glendive Wastewater System Improvements					100,000	2,000,000	Bigfork Stormwater Project-Phase IV					
Fort Benton, City of					100,000	2,100,000	Three Forks, City of					
Fort Benton Wastewater System Improvements					100,000	2,200,000	Three Forks Wastewater System Improvements					
Belt, Town of					100,000	2,300,000	Libby, City of					
Belt Wastewater System Improvements					100,000	2,400,000	Libby Flower Creek Dam Water System Improvements					
Vaughn Cascade County Water and Sewer District					100,000	2,500,000	Frenchtown Irrigation District					
Vaughn Wastewater System Improvements					100,000	2,600,000	Frenchtown Irrigation District: Main Canal Lining Project					
Malta Irrigation District					100,000	2,700,000	DNRC Water Resources Division					
Dodson South Canal Head Gate Replacement Project					100,000	2,800,000	Replacement Headgates for the Deadman's Basin Supply Canal Project					
Park County					100,000	2,900,000	DNRC Water Resources Division					
Park County Fairgrounds Wastewater System Improvements					100,000	3,000,000	Cooney Dam Outlet Canal Weir Replace. and Automated Instrumentation Project					
Bitter Root Irrigation District					100,000	3,100,000	Deer Lodge Valley Conservation District					
BRID Siphon 1 - Phase 4 Improvements Project					100,000	3,200,000	Kohrs and Manning Ditch Company Infrastructure Improvements					
Cut Bank, City of					100,000	3,300,000	DNRC Flathead Basin Commission					
Cut Bank Wastewater System Improvements					100,000	3,400,000	Aquatic Invasive Species Prevention Project, AIS Prevention Project					
Ward Irrigation District					100,000	3,500,000	Dutton, Town of					
Lost Horse Creek/Ward Canal Improv., Ward Irrigat. Distr. Lost Horse Creek/Ward Canal Improvs					100,000	3,600,000	Dutton Water System Improvements					
Glendive, City of					100,000	3,700,000	Fairfield, Town of					
Glendive Wastewater System Improvements					100,000	3,800,000	Fairfield Wastewater System Improvements					
Harlowton, City of					100,000	3,900,000	Buffalo Rapids Irrigation Project District 2					
Harlowton Wastewater System Improvements					100,000	4,000,000	Buffalo Rapids 2 Terry Pump Station Discharge Line					
Lockwood Irrigation District					100,000	4,100,000	Choteau, City of					
Lockwood ID Intake Canal Headgate Replacement Project					100,000	4,200,000	Choteau Wastewater System Improvements, Phase 2					
Sweet Grass County Conservation District					100,000	4,300,000	Daly Ditches Irrigation District					
Pioneer Ditch Company Irrigation Diversion Rehad. Project					100,000	4,400,000	Daly Ditches Irrigation District Preservation and Conservation of Resources					
Glen Lake Irrigation District					100,000	4,500,000	Toston Irrigation District					
Glen Lake Irrigation District Rolling Hills Section of the Main Canal Rehad. Project					100,000	4,600,000	Toston ID Toston Canal Rehad. Project					

Renewable Resource Grants (RRGL)
Grants Authorized - HB 6 - 2015 Biennium (continued)

Applicant / Project	Grants Authorized	Cumulative Total	Applicant / Project	Grants Authorized	Cumulative Total
Gallatin County Conservation District	Balance: \$4,598,238	4,698,238	Carbon County Conservation District	Balance: \$6,897,521	6,997,521
Darlington Creek Enhancement Project at Cobblestone Fishing Access	100,000	4,798,238	Phase 2, Groundwater Surface Water Interaction	100,000	7,097,521
Missoula County Conservation District	100,000	4,898,238	Sunny Hills Suburban County Water District	100,000	7,197,521
Missoula Conservation District Orchard Homes Ditch Company Intake	100,000	4,998,238	Sunny Hills WSD Water System Improvements	100,000	7,297,521
Missoula Irrigation District	100,000	5,098,238	Drummond, Town of	100,000	7,397,521
Missoula Irrigation District Water Conservation Project	100,000	5,198,238	Drummond Wastewater System Improvements	100,000	7,497,521
Valier, Town of	100,000	5,298,238	Big Horn County Conservation District	100,000	7,572,521
Valier Wastewater System Improvements	100,000	5,398,238	Eval. the Influence of Irrigation on Groundwater in Northern Big Horn County	100,000	7,672,521
Fort Belknap Indian Community	100,000	5,498,238	Joliet, Town of	100,000	7,772,521
Ft Belknap Main Canal A Underdrain Rehad. Project	100,000	5,598,238	Joliet Wastewater System Improvements	100,000	7,868,101
Bozeman, City of	100,000	5,698,238	Malta, City of	75,000	7,968,101
Bozeman Creek at Bogert Park Enhancement Project	100,000	5,798,120	Malta Water System Improvements	100,000	8,068,101
Hamilton, City of	99,882	5,897,527	Gallatin County Montana	100,000	8,168,101
Hamilton Wastewater System Improvements, Phase 2	99,407	5,997,527	Gravling Creek Stream & Riparian Restor. & Parade Rest Guest Ranch Irrigat. Project	100,000	8,268,101
Lodge Grass, Town of	100,000	6,097,527	Gravling Creek Stream & Riparian Restor. & Parade Rest Guest Ranch Irrigat. Project	100,000	8,368,101
Lodge Grass Wastewater System Improvements	100,000	6,197,527	Lower Musselshell County Conservation District	100,000	8,468,101
Pondera County Conservation District	100,000	6,297,527	East Brewer Irrigation Check Structure Rehad. and Southside Canal Lining	100,000	8,568,101
Pondera County Canal and Reservoir Company KB2 Canal Rehad. Project	100,000	6,397,527	Madison County	100,000	8,668,101
Manhattan, Town of	100,000	6,497,527	Moore's Creek Culvert Replacement	100,000	8,768,101
Manhattan Water System Improvements	100,000	6,597,527	DNRC Water Resources Division	95,580	8,867,632
Greenfields Irrigation District	100,000	6,697,521	Infill Drilling and Piezometer Install: East Fork, Fred Burr, Martinsdale, Middle Creek, and Tongue River Dams	100,000	8,967,632
Muddy Creek Wastewater and Erosion Reduction	99,882	6,797,521	Hamilton, City of	100,000	
University of Montana	99,407	6,897,527	Hamilton Water System Improvements, Well 5	100,000	
Algae Bioremediation Syst. for Acidic Industrial Wastewaters	100,000	6,997,527	Plevna, Town of	100,000	
Black Eagle-Cascade County Water & Sewer District	100,000	7,097,527	Plevna Water System Improvements	100,000	
Black Eagle Wastewater System Improvements	100,000	7,197,527	Stillwater Conservation District	100,000	
Stevensville, City of	100,000	7,297,527	Assessing the Groundwater Resources of the Bedrock Aquifers in Stillwater	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,397,527	Sweet Grass County	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,497,527	Greycliff Reach Yellowstone River Stabilization Project, Greycliff Reach	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,597,527	Emkayan County Water and Sewer District	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,697,527	Emkayan WSD Water System Improvements, Phase 2	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,797,527	Chinook, City of	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,897,527	Chinook Water System Improvements	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	7,997,527	Eureka, Town of	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,097,527	Eureka Water Treatment Improvement Project	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,197,527	Broadwater County Conservation District	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,297,527	Big Springs Ditch Water Conservation and Spawning Bed Project	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,397,527	Pinedale, Town of	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,497,527	Pinedale Water System Improvements	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,597,527	Jefferson County	99,531	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,697,527	Big Pipestone Creek Remediation	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,797,527	Fort Shaw Irrigation District	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,897,527	Fort Shaw ID A-System Modification	100,000	
Stevensville Wastewater System Improvements, Phase 2	100,000	8,997,527	Total RRGL Grants Authorized	\$8,967,632	

Funding - grants

The RRGL grants program and other natural resource projects appropriated in HB 6, as well as the RDGP grants program appropriated in HB 7, are funded from the "natural resource projects" state special revenue fund. For more information on the funding of the RRGL program, a fund balance analysis for the fund is provided on page F-35 of this report.

Program Description – (RRGL loans)

The RRGL loan program provides loans for renewable resource projects with the proceeds from the issuance of coal severance tax bonds. Loan repayments are used to pay the debt service on the loans. In some cases, interest rates charged to loans is less than the interest rate of the bond issue. In such cases, a distribution from the coal severance tax subsidizes the difference in the interest cost. Because the issues are coal severance tax bonds, the coal severance tax permanent trust is pledged for debt service payments on the bonds. The RRGL loan program is administered by the Department of Natural Resources and Conservation (DNRC).

Summary of Legislative Action

The figure below lists the loans awarded by the Sixty-third Legislature for the 2015 biennium with the passage of HB 8. The total bond authority in HB 8 is \$24.7 million, and the appropriations are that equivalent. Total loan costs are \$22.5 million and include two new loans for the local match on the costs of the Dry Prairie and the North Central Regional Water projects. For more information on regional water projects, see the Treasure State Endowment Regional Water Program section of this report. The loans are authorized to the regional water authorities. HB 8 also provides a loan to DNRC to provide the ability to refinance existing high cost loans assumed by local governments for water and sewer infrastructure projects and the reauthorization of two loans requested in prior biennia. Finally, HB 8 authorizes \$2.2 million to establish a "bond reserve". With the issuance of coal severance bonds, DNRC is required to establish a reserve fund containing monies equal to the highest year of debt service on the bond issue.

Renewable Resource Loans Authorized Loans and Bonds - HB 8 - 2015 Biennium		
Loans-Sponsor/Project	Loan Authorization	Cumulative Total
<u>Section 1</u>		
Subsection (2) Projects (3.0% or State bond rate, whichever is lower-20 years)		
DNRC-Conservation and Resource Development Division (CARDD)		
Refinance Existing Debt or Rehabilitation of Water and Sewer Facilities	\$3,000,000	\$3,000,000
Subsection (3) Projects (4.5% or State bond rate, whichever is lower-30 years)		
Dry Prairie Regional Water Authority	6,000,000	9,000,000
Local Match for Dry Prairie Projects		
North Central Regional Water Authority, Local Share	10,000,000	19,000,000
Local Match for Dry Prairie Projects		
<u>Section 2¹</u>		
Subsection (2) Projects (4.5% or State bond rate, whichever is lower-15 years)		
DNRC-Water Resource Division (WRD)		
Ruby Dam Rehabilitation Project-Phase 2	2,000,000	21,000,000
Subsection (3) Projects (4.5% or State bond rate, whichever is lower-30 years)		
Sunset Irrigation District		
Gravity Flow Irrigation Pipelines	<u>1,465,266</u>	22,465,266
Total Loan Authorizations:	\$22,465,266	
Bond Reserve:	<u>2,246,527</u>	
Total Bond Request	<u>\$24,711,793</u>	
¹ Section 2 are loans to be reauthorized		

Funding - Loans

RRGL program bond authority is provided in 85-1-624, MCA. Money in the coal severance tax bond fund is pledged for the payment of the principal and interest of the bond issue requested in HB 8, as directed in Title 17, Chapter 5, part 7, MCA. The repayment of loans are used to pay the debt service on the loans.

Executive Budget Comparison

The Sixty-third Legislature increased the executive budget proposal for the RRGL program. As shown in the figure below, the executive budget recommended \$8.7 million of appropriations in HB 6 and authorized \$7.4 million in HB 8. The legislature appropriated a total of \$29.5 million for grants and other natural resource projects in HB 6 and \$24.7 million in HB 8. The legislative change from the executive is \$38.0 million, or 235.2%.

Program Comparison - Renewable Resource Grant and Loan Program				
Budget Item	Executive Recommendation	Legislative Budget	Change	% Change
	2015 Biennium	2015 Biennium		
Number of Grants Funded	68	90	22	32.4%
	<u>Proposed</u>	<u>Appropriated</u>		
Grants Cost	\$6,761,983	\$8,967,632	\$2,205,649	32.6%
Other Grants	1,962,000	3,485,686	1,523,686	77.7%
Tribal Compact Funding	0	17,000,000	17,000,000	-
Loan Program	7,435,056	24,711,793	17,276,737	232.4%
Total Costs	\$16,159,039	\$54,165,111	\$38,006,072	235.2%
State Special	\$8,723,983	\$8,979,632	\$255,649	2.9%
General Fund	0	20,473,686	20,473,686	-
Bond Proceeds	7,435,056	24,711,793	17,276,737	232.4%
Total Funds	\$16,159,039	\$54,165,111	\$38,006,072	235.2%

The changes from the executive proposal include the legislative addition of the following projects:

- Additional grant authorizations - \$2,205,649
- Ten Mile/Pleasant Valley Sewer District emergency grant - \$250,000
- Big Pipestone/Jefferson River sloth watershed restoration - \$1,273,686
- People's Creek minimum flow deposit - \$3,000,000
- Blackfeet tribe water rights compact infrastructure deposit - \$14,000,000
- Additional loans - regional water projects - \$16,000,000
- Corrections and adjustments to appropriations and loan reserve - \$1,276,737

The changes are funded through transfers of orphan share state special revenue and general fund to the natural resources projects fund in HB 6 and an increase in the amount of bonds authorized in HB 8.

Other Legislation

HB 11 – This legislation provides a \$17.0 million appropriation for the state's match to federal dollars for the Dry Prairie and North Central regional water projects through the Treasure State Endowment Regional Water Program (TSEPRW). When combined with the loans provided to the respective regional water authorities in HB 8, the Renewable Resource Loan Program, the state and local governments have will have met their match for the projects and the remaining financial obligation to the projects is the responsibility of the federal government. For more information on the TSEPRW program, see page F-23 of this report.

HB 586 – This legislation establishes authority for the Department of Fish, Wildlife and Parks' (FWP) for check stations and quarantine measures for aquatic invasive species (AIS). This legislation, in coordination with the

Governor's new statewide AIS plan, will provide a multiple agency plan of attack in mitigating the impacts of AIS currently in the state (Eurasian water milfoil) and reducing/eliminating the potential for threat of other AIS that have not yet entered the state (zebra mussels). The funding provided in the bill will be used in coordination with appropriations provided in HB 6.

RECLAMATION AND DEVELOPMENT GRANT PROGRAM

Program Description

The Reclamation and Development Grant Program (RDGP) is designed to fund projects that, "...indemnify the people of the state for the effects of mineral development on public resources and that meet other crucial state needs serving the public interest and the total environment of the citizens of Montana (90-2-1102, MCA)." As provided in statute, projects approved under the RDGP are intended to repair, reclaim, and mitigate environmental damage to public resources from non-renewable resource extraction and develop and ensure the quality of public resources for the benefit of all Montana citizens. The program is administered by the Department of Natural Resources and Conservation (DNRC).

Legislative Action

The Sixty-third Legislature passed HB 7, the RDGP grant bill, that appropriates \$6.2 million for 19 RDGP grants and other reclamation projects. The HB 7 appropriations include \$4.4 million for RDGP grants and \$1.0 million for project planning grants. Other appropriations made in HB 7 include \$525,000 for aquatic invasive species control projects and \$300,000 for oil and natural gas groundwater testing. The figure below lists the RDGP grants authorized by the 2013 Legislature.

Reclamation and Development Grants (RDGP) Grants Authorized - HB 7 - 2015 Biennium		
Sponsor/Title	Grants Authorized	Cumulative Total
Missoula County	\$300,000	\$300,000
Kennedy Creek Mine Reclamation		
Montana DEQ - Abandoned Mine Lands Bureau	300,000	600,000
South Fork Lower Willow Creek Black Pine Mine Reclamation		
Philipsburg, Town of	300,000	900,000
Tailings-Contaminated Sludge Disposal from Decommissioned Wastewater Lagoons		
Montana DEQ - LUST/Brownfields	300,000	1,200,000
Petroleum Product Delineation & Mitigation of Threat to Harlowton Public Water Supply Well		
Confederated Salish & Kootenai Tribes	126,998	1,326,998
Joseph Allotment and Elmo Cash Store - Cleanup Implementation		
Powell County	300,000	1,626,998
Milwaukee Roundhouse Recreational Subarea Interim Cleanup Action - Phase 2		
Missoula County	300,000	1,926,998
Sawpit Ninemile Reclamation		
Malta, City of	249,480	2,176,478
Former Malta Airport Facility - Herbicide/Pesticide Cleanup		
Cascade Conservation District	113,300	2,289,778
Barker-Hughesville Reclamation Area Fish Barrier Projects on Dry Fork Belt Creek		
Butte-Silver Bow City-County Government	244,720	2,534,498
Butte Mining District: Reclamation & Protection Project Phase IV		
Ryegate, Town of	206,080	2,740,578
Former Ryegate Conoco Groundwater Remediation		
Cascade County	300,000	3,040,578
County Shops Remediation of Wood Treatment Preservatives		
Butte-Silver Bow City-County Government	275,690	3,316,268
Irrigation Project for Butte Acidic Mine Waters		
Custer Conservation District	127,377	3,443,645
Addressing Cumulative Effects on the Yellowstone River		
Ruby Valley Conservation District	300,000	3,743,645
Upper Missouri Headwaters River/Flood Hazard Map Development		
Montana DEQ - Water Quality Planning	160,000	3,903,645
Baseline Groundwater Sampling in Areas of Anticipated Oil & Gas Development		
Yellowstone Conservation District	70,000	3,973,645
Lower Pryor Creek Stabilization and Restoration		
Montana DEQ - Abandoned Mine Lands Bureau	300,000	4,273,645
Sheridan County 2012-2013 Reclamation Project		
Montana DNRC - Water Projects	145,000	4,418,645
Deadman's Basin Diversion Dam		
Total RDGP Grants Authorized	<u>\$4,418,645</u>	

The legislature provided appropriations for two projects outside the regular RDGP in HB 7, which include:

- \$525,000 - Aquatic Invasive Species (AIS) Control. The state has five known infestations of Eurasian water milfoil that include: 1) the lower Jefferson River, 2) upper Missouri River and associated reservoirs (to upper Canyon Ferry), 3) Fort Peck Reservoir, 4) lower Clark Fork River (Noxon and Cabinet Gorge Reservoirs), and 5) Beaver Lake in the Flathead Valley. This appropriation will fund grants and technical support to local governments for the control of aquatic invasive species. Activities may include on-the-ground treatment, surveys, environmental monitoring, preparation of action plans, treatment demonstration, research or design, or other related actions. For more information on the state's management of and funding for AIS, see Section C of the Legislative Fiscal Report.
- \$300,000 - Oil and Gas Development Groundwater Sampling. This project will address the concerns of conservation districts about the risk of contamination to stock water and drinking water wells from oil field activities. The purpose of the monitoring project is to establish baseline groundwater quality and availability in advance of oil and gas activity and in areas currently at risk from oil field activities. The project will characterize well water and aquifers currently used for domestic or stock water. Knowing pre-development groundwater conditions will be valuable in resolving conflicts that may arise over whether oil and gas operations have caused adverse impacts to groundwater resources. This monitoring program is limited to conservation districts with high risk aquifers and active or proposed oil field injection wells.

Funding

The RDGP program with appropriations in HB 7, as well as the RRGL grants program appropriated in HB 6, is funded from the "natural resource projects" state special revenue fund. For more information on the funding of the RRGL program, a fund balance analysis for the natural resource projects fund is provided on the following page.

Executive Budget Comparison

The Sixty-third Legislature made no changes to the executive request for HB 7.

Program Comparison - Reclamation and Development Grant Program				
	Executive Recommendation	Legislative Budget		
Budget Item	2015 Biennium	2015 Biennium	Change	% Change
Number of Grants	19	19	0	0.0%
	<u>Proposed</u>	<u>Appropriated</u>		
Grants Cost	\$4,418,645	\$4,418,645	\$0	0.0%
Other Grants	1,825,000	1,825,000	\$0	0.0%
Total Costs	\$6,243,645	\$6,243,645	\$0	0.0%
State Special	\$6,243,645	\$6,243,645	\$0	0.0%
Total Funds	\$6,243,645	\$6,243,645	\$0	0.0%

Other Legislation

HB 586 – This legislation establishes authority for the Department of Fish, Wildlife and Parks' (FWP) for check stations and quarantine measures for aquatic invasive species (AIS). This legislation, in coordination with the Governor's new statewide AIS plan, will provide a multiple agency plan of attack in mitigating the impacts of AIS currently in the state (Eurasian water milfoil) and reducing/eliminating the potential for threat of other AIS that have not yet entered the state (zebra mussels). The funding provided in the bill will be used in coordination with appropriations provided in HB 7.

Natural Resource Project Fund

The figure to the right shows the projected fund balance for the natural resource project fund for the 2015 biennium. The natural resource projects fund provides funding for the RRGL and RDGP programs, along with the funding for other natural resource projects.

The funding for the natural resource projects fund is established in law and received from the following sources:

1. Interest income of the resource indemnity trust fund as provided in and subject to the conditions of 15-38-202, MCA (\$3.5 million each fiscal year for the purpose of making grants)
2. Resource indemnity and ground water assessment tax under provisions of 15-38-106, MCA (50% of the remaining proceeds, after appropriations for CERCLA debt service, and \$366,000 to the groundwater assessment account, for the purpose of making grants)
3. Oil and gas production tax as provided in 15-36-331, MCA (2.16% of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3))
4. Excess coal severance tax proceeds allocated by 85-1-603, MCA to the renewable resource loan debt service fund (above debt service requirements as provided in and subject to the conditions of 85-1-619, MCA)
5. Fees or charges collected by the department for the servicing of loans, including arrangements for obtaining security interests

Natural Resource Project Account (02577)			
Fund Balance Projection, 2015 Biennium			
Estimated Beginning Fund Balance (7/1/2013)			\$1,536,779
Revenue Projections	<u>FY 2014</u>	<u>FY 2015</u>	<u>Biennium Total</u>
RIT Interest Earnings	\$3,398,646	\$3,500,000	\$6,898,646
Resource Indemnity & Groundwater Tax	939,422	978,922	1,918,344
Oil and Natural Gas Tax	2,360,621	2,314,913	4,675,534
Administrative Fees	31,000	0	31,000
Orphan Share Transfer	0	250,000	250,000
General Fund Transfer	0	20,473,686	<u>20,473,686</u>
2015 Biennium Revenues			34,247,210
HB 6 Appropriations			
Emergency Grants:			
RRGL Authorized			(100,000)
Ten Mile/Pleasant Valley Sewer Dist.			(250,000)
Project Planning Grants			(1,062,000)
Irrigation Development Grants			(300,000)
Private Grants			(100,000)
Capacity Building Grants			(200,000)
State Water Plan			(200,000)
Big Pipestone/Jefferson River Sloth Watershed Restoration			(1,273,686)
People's Creek Minimum Flow Acct. Deposit			(3,000,000)
Blackfeet Tribe Water Rights Compact Infra. Account			(14,000,000)
Proposed RRGL Project Grants			<u>(8,967,632)</u>
Total RRGL Appropriations			(29,453,318)
HB 7 Appropriations			
Project Planning			(1,000,000)
Aquatic Invasive Species Control			(525,000)
Oil and Gas Development Groundwater Sampling			(300,000)
Proposed RDGP Project Grants			<u>(4,418,645)</u>
Total RDGP Appropriations			<u>(6,243,645)</u>
Estimated Ending Fund Balance (6/30/2015)			<u>\$87,026</u>

The natural resource projects fund is expected to begin the 2015 biennium with a fund balance of \$1.5 million. The positive fund balance is related to higher than anticipated revenues in the 2013 biennium and the savings attributed to withdrawn grants. The normal fund revenues are expected to be \$13.5 million for the 2015 biennium. The legislature provided two transfers to the fund: 1) \$250,000 from the orphan share state special revenue fund, and 2) \$20.5 million from the general fund. The transfers were provided to fund an emergency grant, additional project grants in the RRGL program, other natural resource projects, and deposits for tribal compacts. With the transfers, the total fund revenues are estimated to be \$34.2 million in the 2015 biennium.

In the 2013 biennium, total appropriations from the natural resource projects account for the RRGL (HB 6) program are \$29.5 million and appropriations for the RDGP (HB 7) program are \$6.2 million. The resulting ending fund balance is estimated to be \$87,026 at the end of the 2015 biennium.

CULTURAL AND AESTHETIC GRANT PROGRAM

Program Description

The Cultural and Aesthetic Grant Program (C&A), administered by the Montana Arts Council (MAC), is funded by investment earnings from a statutory trust. The trust receives distributions of coal severance tax. By statute, the interest from the cultural trust is appropriated for protection of works of art in the State Capitol and other cultural and aesthetic projects (15-35-108, MCA). Grant applications for cultural and aesthetic projects are submitted to the MAC on a biennial basis. Eligible applicants include the state of Montana and regional, county, city, town, or Indian tribal governments.

Summary of Legislative Action

The Sixty-third Legislature passed HB 9, which authorizes cultural and aesthetic grants and appropriates the funding for the grants. The legislature authorized 81 C&A grant awards totaling \$758,650. Additionally, HB 9 includes an appropriation of \$30,000 for the care and conservation of capitol complex artwork.

The legislature included a provision for the potential of interest earnings shortfalls in the 2015 biennium in HB 9. If interest earnings fall short of the estimates, projects designated as "Miscellaneous Grants" in HB 9 and shown in the figure below will be reduced by the amount of the shortfall on a pro rata basis. The legislature also provided for additional revenue shortfalls with the following language:

If the grant amounts for projects in section E of [section 2] (Miscellaneous Grants) are eliminated pursuant to subsection (1) and if the money in the cultural and aesthetic projects trust fund account is insufficient to fund the remaining projects identified in [section 2], reductions to those projects with funding greater than \$4,500 must be made on a pro rata basis.

A complete listing of the grants authorized by the Sixty-third Legislature is shown on the following page.

Funding

The figure to the right shows the estimated funding for the C&A state special revenue account for the 2015 biennium. The beginning fund balance for the 2015 biennium is estimated to be \$53,008, as a result of higher than anticipated interest earnings in the 2013 biennium. Interest income from the coal tax-funded Cultural Trust is projected to be \$1.2 million in the 2015 biennium.

Administrative expenses and the Folklife program, appropriated in HB 2, are \$436,046. Appropriations in HB 9 include \$30,000 for capitol complex artwork and \$758,650 for the authorized grants. Total appropriations from the C&A state special revenue account in the 2015 biennium are \$1.2 million, providing an estimated fund balance of \$29,312 by June 30, 2015.

Cultural & Aesthetic Grant Fund (02009) Fund Balance Projection, 2015 Biennium	
Estimated Beginning Fund Balance (7/1/2013)	\$53,008
Revenue Projections ¹	
FY 2014 Interest Earnings	\$593,000
FY 2015 Interest Earnings	<u>608,000</u>
2015 Biennium Revenues	1,201,000
Fund Appropriations	
MAC Administration ²	(\$298,760)
Folklife ²	(137,286)
Capitol Complex Works of Art	(30,000)
Cultural & Aesthetic Grants Appropriation	<u>(758,650)</u>
Total Appropriations	(1,224,696)
Estimated Ending Fund Balance (6/30/2015)	<u>\$29,312</u>
¹ SI2	
² Includes administrative costs included in HB 2, including the 2% increase in vacancy savings, and HB 13 estimated impacts	

Cultural and Aesthetic Grants (C&A)				
Grants Authorized - HB 9 - 2015 Biennium				
Applicant	Grants Authorized	Cumulative Total	Applicant	Grants Authorized
Special Project <= \$4500			Operational Support (cont.)	
Preservation Cascade, Inc.	\$4,500	\$4,500	Gallatin Historical Society	\$9,400
Signatures	4,500	9,000	Alpine Artisans, Inc.	10,000
Council for the Arts	2,500	11,500	Rimrock Opera Company	10,000
Granite County Museum and Cultural Center	3,600	15,100	Zootown Arts Community Center	11,250
Yellowstone Ballet Company	2,500	17,600	Helena Indian Alliance	6,250
Montana Storytelling Roundup	2,500	20,100	Western Heritage Center	8,750
Total Special Projects <= \$4500	\$20,100		Intermountain Opera Association	11,250
Special Project > \$4500			Great Falls Symphony	11,250
Montana Historical Society	15,500	35,600	Hamilton Players, Inc	8,750
Humanities Montana	15,000	50,600	Whitefish Theatre Co	8,750
Upper Swan Valley Historical Society Inc	12,500	63,100	Shane Lalani Center for the Arts	6,250
International Choral Festival	6,250	69,350	Helena Symphony	6,250
CoMotion Dance Project	8,750	78,100	Schoolhouse History & Art Center	20,000
Bozeman Symphony Society	8,750	86,850	Glacier Symphony and Chorale	11,250
Clay Arts Guild of Helena	5,000	91,850	Beaverhead County Museum	7,500
Headwaters Dance Co.	10,000	101,850	Queen City Ballet Company	6,250
Friends of Chief Plenty Coups Advisory Council	6,250	108,100	Grandstreet Broadwater Productions, Inc.	6,250
Missoula Art Museum	6,250	114,350	Pondera History Association (PHA)	6,250
Emerson Center for the Arts & Culture	6,250	120,600	Big Horn Arts and Craft Association	6,250
Musikanten Inc	5,000	125,600	Paris Gibson Square Museum of Art	11,250
Missoula Writing Collaborative	5,000	130,600	AWARE Inc/Growth Thru Art	6,250
International Wildlife Media Center & Film Festival	2,500	133,100	Sunburst Foundation	5,000
Total Special Projects > \$4500	\$113,000		Alpine Theatre Project, Inc.	3,750
Operational Support			Yellowstone Art Museum	6,250
MAGDA	15,000	148,100	Equinox Theatre	6,250
Museums Association of Montana	12,500	160,600	Butte Citizens for Preservation and Revitalization	3,750
Montana Association of Symphony Orchestras	15,000	175,600	Pondera Arts Council	6,250
Montana Performing Arts Consortium	15,000	190,600	Missoula Cultural Council	2,500
Montana Dance Arts Association	15,000	205,600	Total Operational Support	\$525,800
Carbon County Historical Society	15,000	220,600	Capital Expenditure	
Archie Bray Foundation	15,000	235,600	Helena Presents/Myma Loy Center	12,500
Alberta Bair Theater	15,000	250,600	City of Shelby Champions Park	6,250
Custer County Art & Heritage Center	15,000	265,600	Total Capital Expenditure	\$18,750
Montana Shakespeare in the Parks	15,000	280,600	Miscellaneous	
World Museum of Mining	15,000	295,600	Billings Symphony Society	15,000
Stillwater Historical Society	15,000	310,600	Rocky Mountain Ballet Theatre	7,500
Butte Center for the Performing Arts	15,000	325,600	Montana Agricultural Center and Museums	12,000
Carbon County Arts Guild & Depot Gallery	12,500	338,100	Friends of the Museum of the Plains Indian	2,000
Ravalli County Museum	12,500	350,600	Hockaday Museum of Art	8,500
VSA Montana	12,500	363,100	Montana Preservation Alliance	15,000
Art Mobile of Montana	15,000	378,100	Montana Arts	12,500
MonDak Heritage Center	13,900	392,000	Butte-Silver Bow Archives	4,500
Northwest Montana Historical Society	12,500	404,500	Miles City Speakers Bureau	4,000
YMCA Writer's Voice	11,250	415,750	Total Miscellaneous	\$81,000
Mai Wah Society	8,750	424,500	Total C&A Grants Authorized	\$758,650
Butte Symphony Association	11,250	435,750		

Executive Budget Comparison

The Sixty-third Legislature increased the appropriation for C&A program from the executive recommendation by \$224,674 or 39.8%. With the increase, the legislature appropriated all anticipated funds from the C&A state special revenue fund, with consideration of a small positive ending fund balance. The change provided funding for an additional nine cultural and aesthetic grants.

Program Comparison - Cultural and Aesthetic Trust				
	2013 Biennium	2015 Biennium	Change	% Change
Trust Balance (End of Biennium)	\$12,132,000	\$12,877,000	\$745,000	6.1%
Trust Earnings	1,148,049	1,202,000	53,951	4.7%
	Executive Recommendation	Legislative Budget		
Budget Item	2015 Biennium	2015 Biennium	Change	% Change
Number of Grants	72	81	9	12.5%
	<u>Proposed</u>	<u>Appropriated</u>		
Grants Cost	\$533,976	\$758,650	\$224,674	42.1%
Capitol Complex Works of Art	30,000	30,000	0	0.0%
Total Costs	\$563,976	\$788,650	\$224,674	39.8%
State Special	\$563,976	\$788,650	\$224,674	39.8%
Total Funds	\$563,976	\$788,650	\$224,674	39.8%

Other Legislation

The Sixty-third Legislature did not enact any legislation that would directly impact the C&A grants program.

QUALITY SCHOOL FACILITIES GRANT PROGRAM

Program Description

The Quality Schools Facilities Grant Program (quality schools) is a competitive grant program, administered by the Department of Commerce (DOC), which was created to provide infrastructure grants to public school districts in Montana. The program is established in Title 90, Chapter 6, part 8, MCA. The principal objectives of the QSFP are to:

- Enhance the quality of life and protect the health, safety, and welfare of Montana's public school students
- Ensure the successful delivery of an educational system that meets the accreditation standards provided for in 20-7-111
- Extend the life of Montana's existing public school facilities
- Promote energy conservation and reduction
- Integrate technology into Montana's education framework to support student educational needs for the 21st century
- Encourage fiscal responsibility by considering both long-term and short-term needs of the public school district, the local community, and the state

Grants are awarded through a competitive application process that is open to all 421 Montana school districts. In reviewing and ranking project applications, the DOC prioritizes applications by the following statutory criteria:

- Solves urgent and serious public health or safety problems, or enable public school districts to meet state or federal health or safety standards
- Provides improvements necessary to bring school facilities up to current local, state, and federal codes and standards
- Enhances public school districts' ability to offer specific services related to the requirements of the accreditation standards provided for in Section 20-7-111, MCA
- Provides long-term cost-effective benefits through energy-efficient design
- Incorporates long-term, cost-effective benefits to school facilities, including the technology needs of school facilities
- Enhances educational opportunities for students

In the role of prioritizing grants, the DOC must consider (without preference or priority) the following attributes of each school facility project application:

- The need for financial assistance
- The fiscal capacity of the public school district to meet the conditions established in 90-6-812, MCA
- Past efforts to ensure sound, effective, long-term planning and management of the school facility and attempts to address school facility needs with local resources
- The ability to obtain funds from other sources
- The importance of the project and support for the project from the community

Finally, before making its recommendations to the governor, the DOC may make adjustments to its ranking of the projects based on the educationally relevant factors established in Section 20-9-309, MCA.

Summary of Legislative Action

The Sixty-third Legislature passed HB 15, authorizing quality school facilities grants and appropriating the funding for the grants. The legislature authorized 30 QSFP grant awards totaling \$11.4 million. Additionally, the legislature provided appropriations of \$100,000 for emergency grants and \$900,000 for project planning grants.

A complete list of the grants/projects authorized by the legislature is shown on the following page.

Quality School Facilities Grant Program Grants Authorized - HB 15 - 2015 Biennium							
Applicant / County / Description	Total Project Cost	Grants Authorized	Cumulative Total	Applicant / County / Description	Total Project Cost	Grants Authorized	Cumulative Total
DeSmet K-12, Missoula	\$102,722	\$30,000	\$30,000	Box Elder K-12, Hill	\$310,607	\$310,607	\$5,547,995
Asbestos abatement				Install emergency generator			
Fairfield Elem, Teton	626,378	596,379	626,379	Missoula ELE, Missoula	252,000	200,000	5,747,995
Correct safety issues in kitchen				Replace boiler and distribution system			
Montana City Elem, Jefferson	6,464,700	764,700	1,391,079	Havre Elem, Hill	5,146,429	2,000,000	7,747,995
Install fire sprinklers and storage tank				Renovations to existing grade school			
Powder River HS, Powder River	42,518	36,380	1,427,459	Geraldine Elem, Chouteau	68,161	68,161	7,816,156
Asbestos abatement				Complete energy upgrades			
Vaughn Elem, Cascade	140,227	133,227	1,560,686	Plains K-12, Sanders	1,434,138	1,150,000	8,966,156
Mitigate crawlspace moisture problems				Construct 6-classroom addition			
Eureka Elem, Lincoln	250,759	195,593	1,756,279	St. Regis K-12, Mineral	185,837	185,837	9,151,993
Asbestos abatement				ADA upgrades			
Frontier Elem, Roosevelt	300,000	200,000	1,956,279	Corvallis K-12, Ravalli	785,225	729,910	9,881,903
Build technology lab				Replace boiler and distribution system			
Wyola Elem, Big Horn	572,600	514,900	2,471,179	Stanford K-12, Judith Basin	193,501	184,196	10,066,099
Roof replacement				Replace all in-room unit ventilators			
Lone Rock Elem, Ravalli	981,875	206,375	2,677,554	Darby K-12, Ravalli	454,207	404,207	10,470,306
Replace old gymnasium				Construct new locker rooms and ADA upgrades			
Hamilton K-12, Ravalli	3,209,679	41,494	2,719,048	Nashua K-12, Valley	663,200	463,200	10,933,506
Replace failing restroom floor				Install ventilation system and new boilers			
Plenty Coups HS, Big Horn	402,000	307,000	3,026,048	Target Range Elem, Missoula	34,324	31,324	10,964,830
Energy efficiency improvements				Update computers and network infrastructure			
St. Ignatius K-12, Lake	548,877	534,590	3,560,638	Ryegate K-12, Golden Valley	11,245	9,962	10,974,792
Roof repair				Replace lighting and add computer outlets			
Simms HS, Cascade	143,644	123,644	3,684,282	Froid Elem & HS, Roosevelt	344,000	294,000	11,268,792
Replace kitchen exhaust hood				Replace boiler and distribution system			
Hot Springs HS, Sanders	517,240	497,240	4,181,522	Miles City Elem, Custer	1,164,729	149,850	11,418,642
Consolidate campus facilities				Replace boiler and system			
Grass Range Elem, Fergus	46,299	45,799	4,227,321				
Install air lock door system				Total QSF Grants Authorized	<u>\$15,510,712</u>	<u>\$11,418,642</u>	
Flathead HS, Flathead	1,161,193	1,010,067	5,237,388				
Energy efficiency improvements							

HB 15 also included several statutory changes that impact the future program. First, statutes related to the school facility and technology state special fund, provided for in 20-9-516, MCA, are now prioritized as: 1) the statutory appropriation for school technology assistance and 2) the state's obligation for assistance to school district bonded debt under 20-9-371, MCA. In providing for the quality school facilities program, the legislature then added the following language:

"If funds remain in the account after the distribution in subsection (1) [the statutory appropriation and bonded debt obligation] is made, the budget director shall certify the amount of unencumbered funds available in the account. These available funds must be used for grants made by the department of commerce under 90-6-802."

The effect of these statutory changes reduce the likelihood under the current funding that grants will be funded in future biennia. Given the new language ongoing revenues may be inadequate to fund the top two priorities, not to mention the quality schools grants program. The statutory change in 20-9-516, MCA required changes to references in 20-9-343 and 20-9-629, MCA.

NOTE: The Governor line-item-vetoed Section 1 through Section 3 of HB 15, which contained the statutory changes described above, 20-9-343, 20-9-516, and 20-9-629, MCA. The legislature is being polled on the vetoes at the time of this writing. If the Governor's veto is upheld, the prioritization of the school facility and technology funds will continue as currently directed and if funds are not sufficient to cover the costs of the state's obligation for assistance with school district bonded debt, all or part of the obligation may be funded by the general fund.

HB 15 also contained two changes in the program statutes. First, a statutory change to 90-6-802, MCA, allows the administrative costs of the program to be funded through the program account. Next, the legislature made a programmatic change by amending 90-6-811, MCA. The legislature added the following language for the consideration of grant prioritization:

"In preparing recommendations to the governor under 90-6-810, the department shall apply the following criteria to applications for school facility projects in the listed order of priority giving preference to school facility projects involving repairs to existing facilities over projects involving construction of new facilities:"

The new language, shown as underlined, will require the agency to prioritize the repair of existing facilities over new construction projects. The legislature also changed 90-6-811(b), MCA as shown below:

"(b) projects that ~~provide improvements necessary to bring school facilities up to current local, state, and federal codes and standards~~ address deferred maintenance by repairing or replacing existing building components that are inoperable or difficult to service or that lack minimum integrity;"

Again, this change in the statutory language will prioritize deferred maintenance and repairs on school facilities.

Funding

The school facility and technology fund is expected to begin the biennium with \$18.8 million, as seen in the figure on the following page. The fund balance is primarily derived from the initial fund revenues, which consisted of transfers from federal mineral royalties. The transfers were intended to be a temporary source of program funding and were discontinued as of FY 2011. Currently, the fund statutorily receives revenues from the following sources:

- Timber harvest income under the provisions of 20-9-516(2)(a), MCA (the income attributable to the difference between the average sale value of 18 million board feet and the total income produced from the annual timber harvest on common school trust lands during the fiscal year)
- Public land trust power site rent (streambed rents) under the provisions of 77-4-208(2), MCA (95% of all rental payments received under this section must be deposited in the school facility and technology account provided for in 20-9-516) – set in current law to begin January 1, 2015
- School district unreserved fund balance - The Sixty-third legislature passed HB 39 which provides an additional \$55,107 per fiscal year to the fund, beginning in FY 2014

The figure below shows the fund balance analysis for the 2015 biennium. Included in the revenues for the fund is a transfer of \$149,850 from the orphan share state special revenue fund to support an additional quality school grant. The total program revenues are expected to provide \$13.7 million in the 2015 biennium.

Total appropriations from the school facilities and technology fund are \$32.4 million in the 2015 biennium. The 2011 Legislature permanently redirected the costs of the state reimbursements for school district bond issues. In the 2015 biennium, the obligation is appropriated at \$17.1 million. Additionally, there is a statutory appropriation of \$1.0 million annually for assistance in school technology.

The legislature redirected administrative costs to the fund. This new cost is \$792,745 in the 2015 biennium. Finally, the various quality school facility grants included in HB 15 are \$12.4 million, including emergency and project planning grants. The estimated ending fund balance for June 30, 2015 is \$142,436.

NOTE: As may be noted in the fund balance projection above, normal revenues in the 2017 biennium, if anticipated at a level similar to the 2015 biennium, will provide approximately \$17.9 million of revenues to the school facility and technology fund. If the prioritized expenditures for the 2017 biennium are similar to the 2015 biennium, \$19.2 million, the fund will not be able to cover the costs of the prioritized obligations. Consequently, the 2017 Legislature will be required to provide additional funding for the costs. The 2017 Legislature will also need to decide if the quality schools program should continue in the manner designated by law.

As mentioned above, the Governor line item vetoed the legislature's statutory changes that prioritized the school facility debt obligation within the fund. The Governor changes are being polled at the time of this writing, but if the veto is upheld, the DOC could shift the school facility debt obligation to the general fund, allowing sufficient funds for future quality school facility grants programs.

School Facility and Technology Fund (02218)			
Fund Balance Projection 2015 Biennium			
Estimated Beginning Fund Balance (7/01/2013)			\$18,810,859
Revenue Projections ¹	<u>FY 2014</u>	<u>FY 2015</u>	<u>Biennium Total</u>
Timber Harvest Income	\$4,037,000	\$4,906,000	\$8,943,000
Public Land Trust Power Site Rent	0	4,471,900	4,471,900
Interest Earnings	35,000	5,000	40,000
School District Unreserved Fund Balances ²	55,107	55,107	110,214
Transfer from Orphan Share Fund	149,850		<u>149,850</u>
2015 Biennium Revenues			13,714,964
Proposed Expenditures			
School Facility Debt Obligation	(8,586,000)	(8,586,000)	(17,172,000)
Technology Statutory Appropriation	(1,000,000)	(1,000,000)	(2,000,000)
DOC Administrative Costs ³	(384,163)	(408,582)	(792,745)
Emergency Grants			(100,000)
Planning Grants			(900,000)
School Facility Grants Appropriation			<u>(11,418,642)</u>
Total Appropriations			<u>(32,383,387)</u>
Estimated Ending Fund Balance - (6/30/2015)			<u>\$142,436</u>
¹ SJ2			
² HB 39			
³ Includes administrative costs included in HB 2, including the 2% increase in vacancy savings, and HB 13 estimated impacts			

Executive Budget Comparison

Program Comparison - Quality School Facility Program (HB 15)				
Budget Item	Executive	Legislative	Legislative	Legislative
	Recommendation	Budget		
	2015 Biennium	2015 Biennium	Change	% Change
Number of Grants	29	30	1	3.4%
	<u>Proposed</u>	<u>Appropriated</u>		
Project Costs	\$11,268,791	\$11,418,642	\$149,851	1.3%
Other Grants	1,000,000	1,000,000	0	0.0%
Total Costs	\$12,268,791	\$12,418,642	\$149,851	1.2%
State Special	\$12,268,791	\$12,418,642	\$149,851	1.2%
Total Funds	\$12,268,791	\$12,418,642	\$149,851	1.2%

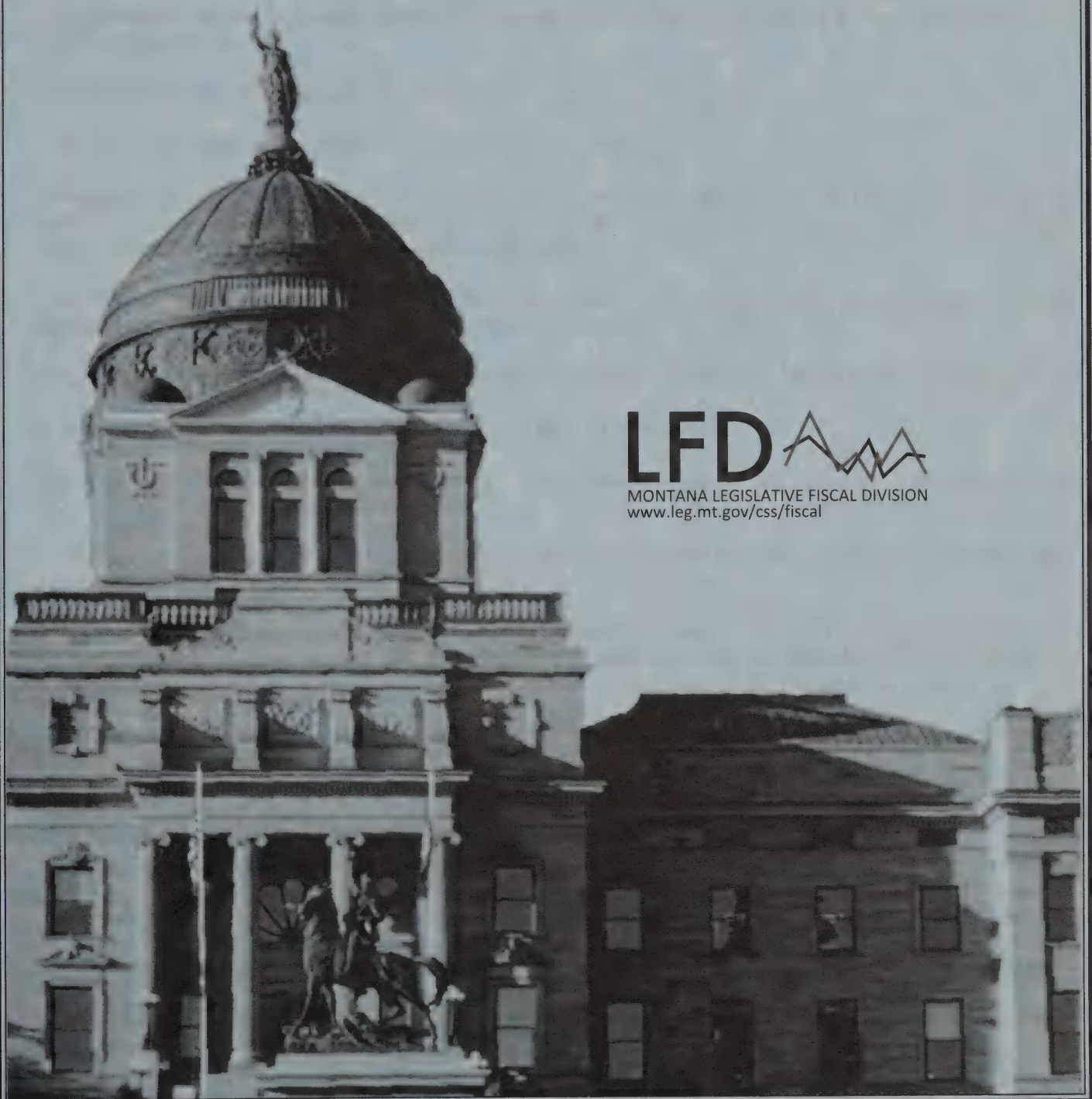
As seen in the figure above, the Sixty-third Legislature increased the executive budget for the quality schools program by one grant and \$149,851. The increase was funded with a transfer of funds from the orphan share state special revenue account. The added grant would fund the replacement of a boiler at the Miles City elementary school.

Other Legislation

HB 39 – This legislation changes the distribution of school district unreserved fund balances to the state and counties. HB 39 continues the allocation of 70% of the monies to the guarantee account, but redirects 30% of the monies to the school facility and technology account, providing an estimated \$55,107/FY to the account.



Glossary / Acronyms / Index



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Glossary

A number of terms are used extensively in budgeting and appropriations. The most common terms, which are used throughout the budget analysis and in other fiscal materials, are listed and defined below.

Adjusted Base – The base budget, the level of funding authorized by the previous legislature, modified by annualization of personal services costs, inflationary or deflationary factors, changes in fixed costs, etc.

Appropriations – An authorization by law for the expenditure of funds or to acquire obligations. Types of appropriations are listed below.

Biennial – A biennial appropriation is an appropriation made in the first year of the biennium, where the appropriated amount can be spent in either year of the biennium. In HB 2, it can be split between years, but still be biennial if so indicated.

Budget Amendment – See “Budget Amendment” below.

Continuing – An appropriation that continues beyond one biennium.

Language – An appropriation made in the language of the general appropriations act for a non-specific or limited dollar amount. Language appropriations are generally used when an agency knows that it will be receiving federal or state special revenue funds but is uncertain as to the amount.

Line Item – An appropriation made for a specific purpose. A line item appropriation highlights certain appropriation and ensures that it can be separately tracked on the state accounting system.

One-time – Appropriations for a one-time purpose that are excluded from the base budget in the next biennium.

Restricted – An appropriation designated for a specific purpose or function.

Statutory – Funds appropriated in permanent law rather than a temporary bill. All statutory appropriations references are listed in 17-7-502, MCA.

Temporary – An appropriation authorized by the legislature in the general appropriations act or in a “cat and dog” bill that is valid only for the biennium.

Appropriation Transfers (also see “Supplemental Appropriation”) – The transfer of funds appropriated for the second year of the biennium to the first year if the Governor or other approving authority determines that due to an unforeseen or unanticipated emergency there are insufficient funds in the first year for the operation of an agency.

Approving Authority – The entity designated in law as having the authority to approve certain budgetary changes during the interim. The approving authorities are:

- The Governor or his/her designated representative for executive branch agencies
- The Chief Justice of the Supreme Court or his/her designated representative for the judicial branch agencies
- The Speaker of the House of Representatives for the House
- The President of the Senate for the Senate
- The appropriate standing legislative committees or designated representative for the legislative branch divisions
- The Board of Regents of Higher Education or their designated representative for the university system

Average Daily Population (ADP) – The population measure used to calculate population in a state facility. ADP is equivalent to one person served for one year.

Average Number Belonging (ANB) – The enrollment measure used for K-12 BASE aid calculations. ANB is the equivalent of one full-time student enrolled in school for the full school year.

Base – The level of funding authorized by the previous legislature for on-going spending, such as one-time appropriations and supplementals.

Base Budget – The resources needed for the operation of state government that provide for expenses of an ongoing and non-extraordinary nature in the current biennium.

Benefits – An expenditure category used to account for the provision of payments or services by the government to individuals who qualify for receipt of those payments or services, such as Medicaid benefits. Personal services benefits for state employees are included in the personal services expenditure category.

Benefits and Claims – A category of expenditure that accounts for provision of direct financial assistance or provision of services to specific individuals. Persons must meet eligibility criteria such as income limits and end of disability to receive services.

Biennial Appropriation – An appropriation that can be expended in either or both years of the biennium.

Biennium – A two-year period. For the state, this period begins July 1 of the odd-numbered years and ends June 30 of the following odd-numbered year.

Budget Amendments – Temporary authority to spend unanticipated non-general fund revenue received after the legislature adjourns. The funds must be used to provide additional services and cannot make a commitment of general fund support for the present or future.

Cat and Dog Appropriations – One-time appropriations made in bills other than the general appropriations act.

Debt Service – The payment on outstanding bonds.

Decision Package – Separate, specific adjustments to the base budget. Decision packages can be either present law adjustments or new proposals.

Earmarked Revenue – Funds from a specific source that can be spent only for designated activities.

Enterprise Funds – A fund used to account for operations financed and operated similar to private business enterprises, where the intent of the legislature is to finance or recover costs, primarily through user charges.

Federal Special Revenue – Accounts deposited in the state treasury from federal sources, to be used for the operation of state government.

Fiduciary Funds – Funds used to account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

Fiscal Note – An estimate, prepared by the Governor's Office of Budget and Program Planning, of the probable revenues and costs that will be incurred as the result of a bill or joint resolution.

Fiscal Year (FY) aka State Fiscal Year (SFY) – A 12-month accounting period beginning July 1 and ending June 30. FY 2003 refers to the fiscal year ending June 30, 2003. (Note: The federal fiscal year (FFY) is October 1 through September 30.)

Fixed Costs – Fees (fixed costs) charged to agencies for a variety of services provided by other state agencies (e.g., payroll service fees, rent, warrant writing services, and data network services).

FTE – Full-time equivalent position, or the equivalent of one person working full-time for the entire year. Also used to denote full-time equivalent students in the Montana University System for purposes of calculating state support.

Fund – A fiscal entity with revenues and expenses which are segregated for the purpose of carrying out a specific purpose or activity.

General Fund – Accounts for all governmental financial resources except those that must be accounted for in another fund.

General Fund Reversions – Unspent appropriated funds that are returned to the general fund at the close of the budget period (fiscal year).

Grants – An expenditure category used to account for the payment by a government entity to an entity who will perform a service.

HB 2 – The General Appropriations Act in which the legislature authorizes the funding for state government for the upcoming biennium. Each session, House Bill 2 is reserved for this purpose.

Indirect Cost – A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to a specific division or agency.

Interim – The time between regular legislative sessions.

Internal Service Funds – Funds use to account for the financing of goods and services provided by one department or agency to other departments, agencies, or governmental entities on a cost-reimbursement basis.

IRIS - The Integrated Revenue Information System (IRIS) is an automated system to administer taxes that are the responsibility of the Department of Revenue to collect.

Local Assistance – An expenditure classification primarily used to account for expenditures made for K-12 funding provided by the state to school districts.

MBARS – The Montana Budget Analysis and Reporting System, which provides all state agencies with one computerized system for budget development, maintenance and tracking, and is integrated with the State Accounting, Budget, and Human Resource System (SABHRS).

Mill – The property tax rate based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property value.

New Proposals – Requests (decision packages) to provide new non-mandated services, to change program services, to eliminate existing services, or to change the source of funds.

Non-budgeted Expenditures – Accounting entries for depreciation, amortization, and other financial transactions that appear as expenditures, but don't actually result in direct dispersal of funds from the state treasury.

Non-budgeted Transfer – Funds moved from one account to another in the state accounting system based upon statutory authority but not by appropriation in the General Appropriations Act (HB 2).

Off base – The accounting term “off base” refers to one-time-only spending and non-budgeted items like inventory adjustments.

Operating Expenses – All expenditures that do not meet the personal services and capital outlay classification criteria. These expenditures include, but are not limited to, professional services, supplies, rent, travel, and repair and maintenance.

Other Funds – Capital projects and fiduciary funds.

- Capital projects fund – Accounts for financial resources used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds or trust funds.
- Fiduciary funds – Trust and agency fund types used to account for assets held by state government in a trustee capacity or as an agency for individuals, private organizations, other governmental entities, or other funds.

Pay Plan – Provision by the legislature of a general adjustment to salaries and/or benefits paid to state employees. Also refers to the pay schedule listing the state salary rate for each classified position according to that position's grade and the market rate.

Personal Services – Expenditures for salaries, benefits, per diem, and other additions, such as overtime.

Personal Services Snapshot – The point in time at which personal services attributes are captured and from which the personal services budget is determined. The executive budget personal services costs are based on a "snapshot" of actual salaries for authorized FTE as they existed in a pre-determined pay period in the base year.

Present Law – The additional level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature.

Present Law Adjustments – Requests (decision packages) for an adjustment in funding sufficient to allow maintenance of operations and services at the level authorized by the previous legislature (e.g., caseload, enrollment changes, and legally mandated workload).

Program – A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. Also, a grouping of functions or objectives that provides the basis for legislative review of agency activities for appropriations and accountability purposes.

Proprietary Funds – Enterprise or internal service funds. Statute does not require that most proprietary funds be appropriated.

- Enterprise funds – Funds that account for operations financed and operated in a manner similar to private business enterprises, and through which the intent is to provide goods or services to the public.
- Internal service funds - Funds that account for the financing of goods or services provided by one department or agency to other departments or agencies of state government.

Reporting Levels – Budget units dividing agency and program budgets into smaller units for the purpose of constructing, analyzing, and approving budgets.

SABHRS – The State Accounting, Budget, and Human Resource System that combines the state's accounting, budgeting, personnel, payroll, and asset management systems into one single system.

State Special Revenue – Accounts for money from state and other nonfederal sources that is earmarked for a particular purpose, as well as money from other non-state or nonfederal sources that is restricted by law or by the terms of an agreement.

Supplemental Appropriation – An additional appropriation made by the governing body after the budget year or biennium has started. There are two types of supplemental appropriations that can be used to increase spending authority for a fiscal year: 1) a transaction in an even-numbered year that moves spending authority from the second year of the biennium to the first year; or 2) an appropriation passed and approved by the legislature to provide authority for the odd-numbered fiscal year ending the current biennium.

Vacancy Savings – The difference between what agencies actually spend for personal services and the cost of fully funding all funded positions for the entire year.

Acronyms

AES	Agricultural Experiment Station	GTB	Guaranteed Tax Base
ACA	Affordable Care Act	HB	House Bill
ADP	Average Daily Population	HAC	House Appropriations Committee
AMDD	Addictive & Mental Disorders Division	HMK	Healthy Montana Kids
ANB	Average Number Belonging (K-12 education)	HRD	Health Resources Division
ARM	Administrative Rules of Montana	HSRA	Highways Special Revenue Account
ARRA	American Recovery and Reinvestment Act	I&I	Interest and Income
BASE Aid	Base Amount for School Equity Aid	IT	Information Technology
BPE	Board of Public Education	ITSD	Information Technology Services Division
C&A	Cultural and Aesthetic (Trust)	LAD	Legislative Audit Division
CC	Community Colleges	LEPO	Legislative Environmental Policy Office
CES	Cooperative Extension Service	LFA	Legislative Fiscal Analyst
CHE	Commissioner of Higher Education	LFC	Legislative Finance Committee
CHIP	Children's Health Insurance Program (also SCHIP)	LFD	Legislative Fiscal Division
CIO	Chief Information Officer	LRBP	Long-Range Building Program
COPP	Commissioner of Political Practices	LRITP	Long-Range Information Technology Program
COT	College of Technology, followed by campus designation	LRP	Long-Range Planning
CPI	Consumer Price Index	LSD	Legislative Services Division
DEQ	Department of Environmental Quality	MAC	Montana Arts Council
MA	Department of Military Affairs	MBARS	Montana Budgeting, Analysis, and Reporting System
DNRC	Department of Natural Resources and Conservation	MBCC	Montana Board of Crime Control
DOA	Department of Administration	MBMG	Montana Bureau of Mines and Geology
DOAg	Department of Agriculture	MCA	Montana Code Annotated
DOC	Department of Commerce	MCHA	Montana Comprehensive Health Association
DOC	Department of Corrections	MDC	Montana Developmental Center
DOJ	Department of Justice	MDT	Montana Department of Transportation
DOLI	Department of Labor and Industry	MHP	Montana Highway Patrol
DOR	Department of Revenue	MHS	Montana Historical Society
DOT	Department of Transportation	MSDB	Montana School for the Deaf and Blind
DP	Decision Package	MSF	Montana State Fund
DPHHS	Department of Public Health and Human Services	MSL	Montana State Library
ES	Extension Service	MSP	Montana State Prison
FCES	Forestry and Conservation Experiment Station	MSU	Montana State University, followed by campus designation, i.e. MSU – Bozeman
FMAP	Federal Medical Assistance Percentage (Medicaid match rate)	MUS	Montana University System
FSR	Federal Special Revenue	MWP	Montana Women's Prison
FSTS	Fire Services Training School	NP	New Proposal
FTE	Full-Time Equivalent	OBPP	Office of Budget and Program Planning (Governor's Office)
FWP	Department of Fish, Wildlife, and Parks	OCHE	Office of the Commissioner of Higher Education
FFY	Federal Fiscal Year	OPI	Office of Public Instruction
FY	Fiscal Year	OTO	One-Time-Only
FYE	Fiscal Year End	PERS	Public Employees Retirement System
GAAP	Generally Accepted Accounting Principles	PL	Present Law
GF	General Fund	PPACA	Patient Protection and Affordable Care Act (Federal Health Care Reform)
GSL	Guaranteed Student Loan	PSC	Public Service Commission

PSR	Public Service Regulation
QSFP	Quality School Facilities Program
RDGP	Reclamation and Development Grant Program
RIGWA	Resource Indemnity and Groundwater Assessment Tax
RIT	Resource Indemnity Trust
RRGL	Renewable Resource Grant & Loan Program
RTIC	Revenue & Transportation Interim Committee
SA	Statutory Appropriation
SABHRS	Statewide Accounting, Budgeting, and Human Resources System
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
SAO	State Auditor's Office
SAVA	State Administration & Veterans' Affairs Interim Committee
SB	Senate Bill
SBECF	State Building Energy Conservation Program
SF&C	Senate Finance and Claims Committee
SLTC	Senior & Long-Term Care Division
SOS	Secretary of State
SSR	State Special Revenue
SWPLA	Statewide Present Law Adjustment
TANF	Temporary Assistance for Needy Families
TRS	Teachers' Retirement System
TSEP	Treasure State Endowment Program
TESPRW	Treasure State Endowment Program Regional Water Systems
UM	University of Montana, followed by campus designation, i.e. UM – Missoula

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